

**Canada's Position on Corporate Social Responsibility in a Developing Country
Context**

by

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ABSTRACT

This research addressed uncertainties around corporate social responsibility (CSR) and its ability to deliver sustainable development. Taking a Canadian focus, this thesis provides a theoretical framework for synthesizing and analyzing key aspects of the CSR literature. Further, an analysis of the discourse on CSR is presented, highlighting the differences between the Canadian federal government's CSR position from that of the positions of identified international development agencies. An analysis of the discourse and practice of CSR is offered through the evaluation of two Canadian corporations operating in developing countries.

As the findings illustrate, the societal position on CSR is the ideal CSR position to promote development, with the shareholder position being the least suitable. As the Canadian position on CSR was revealed to be shareholder oriented, changes in the design, motivation and practice of CSR are needed for Canada's CSR agenda to adopt the more development compatible CSR position.

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GLOSSARY

Barrick	Barrick Gold Limited
BGL	Bogoso Gold Limited - GSR Subsidiary
CA	Building the Canadian Advantage: A corporate social responsibility (CSR) strategy for the Canadian international extractive sector
CIDA	Canadian International Development Agency
CMCCs	Community Mine Consultative Committees
CSR	Corporate Social Responsibility
GC	Global Compact
GRI	Global Reporting Initiative
GSR	Golden Star Resources Limited
GSBPL	Golden Star (Bogoso/Prestea) Limited
GSWL	Golden Star (Wassa) Limited
HBB	Hwini-Butre and Benso mines
HDI	Human Development Index
ICMC	International Cyanide Management Code
IFC	International Finance Corporation
ILO	International Labour Organization
MDGs	Millennium Development Goals
NGOs	Non-Governmental Organizations
OECD	Organization for Economic Cooperation and Development
OPEC	Organization of the Petroleum Exporting Countries
PS	Performance Standards on Social and Environmental Sustainability

UN	United Nations
UNDP	United Nations Development Programme
VPSHR	Voluntary Principles on Security and Human Rights
WACOM	Wassa Association of Communities Affected by Mining
WB	World Bank

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Takoradi Women's Group
Primary Supervisor Family Committee Members
Friends Parents
Professors

Thank you all.

CHAPTER 1: INTRODUCTION

1.1 THE PROBLEM AND ITS SIGNIFICANCE

The main issue that sparked the evolution of this thesis is the development problems of resource-rich developing countries. The basic claim in this thesis is that there is not a standardized application of corporate social responsibility (CSR). As a result, in practice, CSR has varied interpretations depending on the interests of the organization, government or corporation that impacts the position on CSR seen in developing countries. There are three major CSR positions that are identified in this thesis: stakeholder, shareholder, and societal; with each position coinciding with a different interpretation and practice of CSR. This thesis evaluates and distinguishes among these three CSR positions and establishes a Canadian position on CSR.

While “a number of developing countries are endowed with natural resources,” which according to the Canadian federal government “provides an important path to their sustainable economic growth, job creation and long term poverty reduction” (Foreign Affairs & International Trade Canada, 2009, p. 3), all over the globe, resource-rich developing countries are caught in an ever-tightening spiral of ecological and social destruction. Contrary to this quote offered by the Canadian government, the presence of minerals and resources has not led to poverty reduction in resource-rich developing countries. In fact, many of these countries suffer from a magnitude of development challenges (Hilson, 2001; Sachs & Warner, 2001; Ite, 2005; Mehlum et al., 2006).

An example of these challenges can be seen in Nigeria. As described by Ite, “poverty is a pervasive problem in the Niger Delta. Yet, after over 40 years of oil exploitation...high fatality rates from water-borne diseases, malnutrition, and poor sanitation” are still prevalent as well as

other major development challenges (Ite, 2005, p. 917). Also, it was noted that resource-rich countries that do not have adequate security are often times subject to “violence, theft and looting, by financing rebel groups, warlord competition, or civil wars” (Mehlum et al., 2006, p. 4).

In terms of environmental degradation, the extractive industries have led to “river and channel erosion”, gold mining pollution by way of contamination from “mercury and land degradation” and the “thousands of pits and trenches have been dug in the process of excavating for prospective ore bodies, many of which have long since filled with water and now serve as breeding grounds for malaria-infected mosquitoes” (Hilson, 2001, p. 157-159).

In addition to poverty, inequality and underdevelopment, developing nations have seen their minerals mined, forests cut down and burned, oil extracted on land and offshore, as well as raw or nearly raw materials are shipped out to developed countries putting them in a losing race for export revenues and the foreign capital needed to industrialize. In the process, social costs are ignored and catastrophic environmental damage is commonplace.

At the same time, “corporate economic power” has increased and the factors that have supported the expansion of globalization (privatization, deregulation and liberalization) have been seen to have negative impacts on societies and on the environment (Lozano, 2010, p. 5). The immeasurable impacts witnessed from the offshore drilling operations of the Deepwater Horizon platform in the Gulf of Mexico in 2010 and more recently the onshore in the Plains Midstream Canada Rainbow pipeline rupture in northern Alberta in May 2011, have also brought attention to the critical environmental and social impacts from corporations.

There has been a steady increase in societal awareness of corporations' damaging and exploitive activities within the extractive industries (Lucas, 2008). This increase in awareness has also corresponded with the increased attention that has been given to CSR and how it can play a meaningful role in poverty reduction in developing countries (Kapelus, 2002; Kreigman, 2006; Westley, Zimmerman, & Patton, 2007). The negative correlation between natural resource exports and growth (Sachs & Warner, 1977) indicates that resources alone will not support the economic, social development and sustainability of developing countries.

1.2 RESEARCH QUESTION

This thesis asks the following question, *what is the Canadian position on CSR in a developing country context?* In order to answer this question, three questions were also addressed.

- 1. What are the main conceptual differences among CSR positions?*
- 2. How does the Canadian federal government's CSR position differ from international development agencies' CSR positions?*
- 3. What are the CSR positions of Canadian corporations in the resource extraction sector?*

The use of CSR strategies by the extractive industries has been recognized in the CSR literature theoretically as a complementary method of poverty reduction in developing countries (Zimmerman & Patton, 2007). However, it is unclear whether the practice of CSR can effectively promote development and poverty reduction in developing countries, as there is a lack of studies that investigate the practice of CSR.

Canada is a leader in the mining industry with the industry accounting for “3.5 per cent of GDP, \$9.7 billion in capital spending and over \$95 billion in exports” in 2010 (MiHR, 2010, p. 2). According to Natural Resources Canada, Canadian mining assets abroad were “valued at over \$109 billion in over 90 countries” in 2009 (NRCan, 2011). More specifically, the assets were primarily concentrated in Latin America (51.5%) and in Africa (18.4%), with these countries each exceeding \$1 billion in assets (NRCan, 2011). Although it is challenging to obtain the numbers of Canadian employees abroad who are employed in the mining industry, in 2010, there were approximately 135,000 nationally-based employees associated with the Canadian mining industry (MiHR, 2010, p. 2).

As Canada has a high presence in the extractive industries, I was motivated to pursue this thesis as questions around Canada’s position on CSR and the implications of that position on Canadian CSR actions and practices remain unanswered in the literature.

1.3 EVOLUTION OF CORPORATE SOCIAL RESPONSIBILITY

Corporate social responsibility (CSR) as a concept and strategy has evolved over time, most significantly from the 1950s to the 1980s. *Social Responsibilities of the Businessman* by Bowen (1953) brought forth the emergence of CSR into “the modern period of literature” (Carroll, 1999, p. 269-270) and the role and responsibilities that businesses have to society was added to the discourse around the responsibilities of businesses (Bowen, 1953).

Bowen defined CSR by stating “it refers to the obligations of businessmen [sic] to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society” (1953, p. 6). The notion that businesses have

responsibilities that extend further than making profits has relevance. Similarly, the idea that corporate responsibilities include social and environmental concerns can also be traced back to Bowen (1953). Bowen has been said to be the “father of corporate social responsibility” and his influence extends to other literature from the 1950s (Carroll, 1999, p. 270). This includes: Selekman’s (1959) *Moral Philosophy for Management*; Heald’s (1957) *Management’s Responsibility to Society: The Growth of an Idea*; and Eells’ (1956) *Corporate Giving in a Free Society*.

The next decade marked a notable definition of CSR offered by Davis (1960) who stated that social responsibility refers to “businessmen’s decisions and actions taken for reasons at least partially beyond the firm’s direct economic or technical interest” (Davis, 1960, p. 70). This definition is noteworthy in that it recognizes that businesses’ responsibilities extend further than generating profits and acknowledges that there are other responsibilities that are at least “partially” independent of generating profits. Similarly, Frederick contributed to the expanding the scope of CSR in the 1960’s by stating,

[Social responsibilities] mean that businessmen should oversee the operation of an economic system that fulfills the expectations of the public. And this means in turn that the economy’s means of production should be employed in such a way that production and distribution should enhance total socio-economic welfare.

Social responsibility in the final analysis implies a public posture toward society’s economic and human resources and a willingness to see that those resources are used for broad social ends and not simply for the narrowly circumscribed interests of private persons and firms (1960, p. 60).

The first key piece of literature that distinguished between economic and legal responsibilities of businesses from social responsibilities of businesses was offered by McGuire (1963). He stated “the idea of social responsibilities supposes that the corporation has not only

economic and legal obligations but also certain responsibilities to society which extend beyond these obligations” (p. 144). This distinction has influenced more modern definitions of CSR (Carroll, 1979; Carroll, 2003).

The 1970s brought forth CSR definitions that were aligned with the definitions from the previous decade but offered perspectives that focused on businesses’ responsibilities (Heald, 1970) and distinguished shareholder and stakeholder positions on CSR (Johnson, 1971). A notable piece of literature from this decade came from Manne & Wallich who in their book, *The Modern Corporation and Social Responsibility* (Manne & Wallich, 1972), commented “to qualify as socially responsible corporate action, a business expenditure or activity must be one for which the marginal returns to the corporation are less than the returns available from some alternative expenditure, must be purely voluntary, and must be an actual corporate expenditure rather than a conduit for individual largesse” (p. 4 - 6). Notable aspects in their definition can be found in the recognition of the voluntary nature of CSR actions, which is a feature of more current CSR agendas like the positions explored in this thesis.

The 1980s were marked with more research and the development of alternative themes on CSR. These include but are not limited to: corporate responsibility (CR), corporate social performance (CSP), public policy, business ethics and stakeholder theory/management (Carroll, 1999). CSR being a process, rather than a set of outcomes, is a notion that supported the development of CSP and other research being conducted during these two decades (Jones, 1980; Tuzzolino & Armandi, 1981; Dalton & Cosier, 1982; Strand, 1983; Wartick & Cochran, 1985; Epstein, 1987).

The emergence of CSR research focusing on financial performance became prominent in the 1980's as well (Cochran & Wood, 1984; Aupperle, Carroll & Hatfield, 1985). Peter Drucker (1984) commented that, "the proper 'social responsibility' of business is to tame the dragon, that is to turn a social problem into economic opportunity and economic benefit, into productive capacity, into human competence, into well-paid jobs, and into wealth" (Drucker, 1984, p. 62). The 1990's, and beyond, builds on the foundations of CSR that were established in the earlier CSR advancements.

There are varying perspectives regarding the role and concepts around CSR and how these play out in the corporate arena. Depending on which side is taken, CSR strategies have different interests and motivations in their applications, which are generally represented by three key positions.

A key representation of this divide can be seen by Friedman's view on CSR as reflected in his comment: "few trends could so thoroughly undermine the very foundations of our free society as the acceptance by corporate officials of a social responsibility other than to make as much money for their stockholders as possible" (1971, p. 133). Alternately, the position that was founded by Freeman (1984) highlighted the role of relevant stakeholders, including private and public stakeholders and their influence on business decisions. Finally, the Committee for Economic Development (CED) offered a perspective that argues that "business functions by public consent and its basic purpose is to serve constructively the needs of society—to the satisfaction of society" (1971, p. 11). These three positions incorporate the evolution of CSR perspectives and they represent the three main trends that are observed in CSR literature and in the application of CSR in various industries.

While the terms shareholder, stakeholder and societal are found in CSR literature, the creation of these terms into a 3-fold categorization of CSR is unique to this thesis. This is explored in depth in the upcoming chapters.

1.4 CORPORATE SOCIAL RESPONSIBILITY AND DEVELOPMENT

Over the years there has been a focus on CSR in the extractive industries due to the developmental challenges and negative impacts associated with extractive operations and projects located in developing countries (Azer, 2002; Hamann, 2003; Hassanein, Lundholm, Willis, & Young, 2006; Kapelus, 2002; Kriegman, 2006; Lucas, 2008; Peck & Sinding 2003). Some of these challenges include lack of employment, social tension, environmental degradation water contamination, pollution, and resettlement, which contribute to the poverty and health challenges that many developing countries face.

Developing countries in particular are at a higher risk as corporate power is added into the equation when multinational corporations operate in countries with a prevalence of corrupted government and weak civil societies and investment into society are not a priority. The challenge of corruption has contributed to income inequality, lack of food and clean water access and other critical development challenges, which speaks to the greater need for effective CSR strategies.

In terms of how development has been interpreted by international agencies, the United Nations (UN) focus has been centered on key development challenges that have been represented primarily by a global initiative, the Millennium Development Goals (MDGs). The key challenges to development and poverty comprise the MDGs, which “provide concrete, numerical benchmarks for tackling extreme poverty in its many dimensions” (UNDP, 2011). By 2015 the

targets for eradicating extreme poverty, achieving universal primary education, the promotion of gender equality and empowerment of women, reducing child mortality, improving maternal health, combating malaria, HIV/AIDS and other diseases, ensuring environmental sustainability and developing global partnerships for development will have hoped to be reached (UNDP, 2011).

Other agencies such as the International Finance Corporation (IFC), shares the World Bank's mission to "to fight poverty with passion and professionalism for lasting results" (IFC, 2011). The IFC's engagement in development is centered on two main goals: improving the IFC performance in development issues and contributing to the development challenges that are prevalent in the industries that they finance (IFC, 2011). By taking a poverty focus, development for the IFC means to "support for private sector development that contributes not only to growth but equally to patterns of growth that enhance opportunities for the poor" (IEG, 2011, p. xiii). IFC takes an "inclusive, pro-poor, or broad-based growth" position to poverty and growth (IEG, 2011, p. xiii).

Canada addresses development issues within specific countries of focus and is generally driven by results. The Canadian government's view on development is one whose interest is to "help people living in poverty in developing countries" (CIDA, 2011). There are gaps however, in the role of Canadian businesses in the resource extraction industry in poverty reduction.

Corporate social responsibility is not a new concept to development and over the past few decades it has evolved into a practice that many businesses devote time, money and energy to as they incorporate CSR related principles and strategies into their business agendas. The International Labour Organization (ILO) publication, *The Evolving Corporate Social*

Responsibility Debate: Issues For Employers And Their Organisations, describes CSR as being “driven by a number of factors, including efforts by companies to deliver positive outcomes for the communities in which they operate [and] the recognition that governments alone have not been able to solve some persistent social problems” (ILO, 2005, p. 1). There are international agencies that have also articulated their positions regarding CSR. This is reflected in the CSR documents and guidelines put forth by the United Nations (UN) – *The Global Compact*; International Finance Corporation (IFC) – *The Performance Standards*; Organization for Economic Cooperation and Development (OECD) – *Declaration on International Investment and Multinational Enterprise*; and the International Labour Organization (ILO) – *Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy*.

There are however, variations in the manner in which CSR has been interpreted by these international agencies, and it is argued that the variation arises from differences in the interest group that CSR is serving; namely business shareholders, stakeholders or society. These variations in the position on CSR arising from the international community are explored fully in Chapter 3.

This uncertainty regarding the intentions of CSR actions is an important theme in this thesis. Most importantly, the underlying motivations and characteristics of different CSR positions is an important concept to this thesis. Put simply by Manteaw “...it is important to establish whether companies are rushing to engage in CSR activities only because they see them as specific strategies to improve their overall competitiveness, or as a means to improve the living conditions of the people and the communities in which they operate” (2008, p. 3). Along

with this, there are different views on development that affect the direction that CSR takes in organizations, agencies and in government.

The landscape and scope of CSR has changed since the emergence of the term CSR. The CSR literature in the 1950s described general responsibilities of businesses. CSR today has a more concrete place in business practices. For example, resource-oriented corporations such as DeBeers Canada, Barrick Gold Corporation, EnCana Corporation and Imperial Oil Limited all publish their commitments of CSR through Sustainability Reports and various other CSR Reports. It has been argued that, in this “era of globalization and neoliberalism” the role of CSR has shifted to businesses as a way of contributing to sustainable development (Manteaw, 2008).

Sustainable development has been defined as, “development that meets the needs of the present without compromising the ability of future generations to meet their own needs” (Brundtland Commission Report, 1987, p. 43). In order to achieve this, sustainable development has been described as “a process of change in which the exploitation of resources, the direction of investments, the orientation of technological development, and institutional change are all in harmony and enhance both current and future potential to meet human needs and aspirations” (Brundtland Commission Report, 1987, p. 43). These key concepts of sustainable development, namely, change in the exploitation of resources and the direction of investment, support the role of corporations’ involvement in CSR.

Now more than ever there is a need for CSR to become valuable in its role as a mechanism for businesses and corporations to act in a socially, ethically and in an environmentally responsible manner. “By virtue of their financial power and social positioning, businesses have the resources and capabilities to turn CSR activities into ongoing learning

partnerships that emphasize the interconnectedness and interdependence of life's different sectors" (Manteaw, 2008, p. 3).

There is a clear shift away from the view that governments are the only agents responsible for "society's needs", as businesses are voluntarily accepting various responsibilities and obligations in the communities in which they operate (Dima & Ramez, 2007, p. 1). Further, CSR "has become the must do thing for corporations to show the human face of capitalism" (Manteaw, 2008) and to maintain their competitive advantage (Drucker, 1984; Porter & van der Linde, 1995; Shrivastava, 1995; Porter & Kramer, 2006). While corporations have adopted CSR strategies, whether CSR has led to sustainable development remains questionable. This is largely due to the numerous motivations behind adopting CSR practices, the voluntary nature of CSR, and the lack of measurable outputs of CSR related activities. Faced with this uncertainty, a mechanism that would aid in the understanding the linkages between CSR theory and CSR practice, such as what is developed in this thesis, may be helpful.

1.5 DEFINITION OF CORPORATE SOCIAL RESPONSIBILITY

There are three main positions on CSR that are discussed in the literature. The shareholder position offers definitions of CSR that communicates the position that businesses should sustain profits through CSR actions (Friedman, 1971). Stakeholder definitions are broader and they integrate stakeholders' and businesses economic interests for engaging in CSR (Freeman, 1984). The societal position puts forward CSR definitions that are oriented around improving society (Committee for Economic Development, 1971). These definitions are directed at the wider groups in society with each having goals that support the growth of society.

The various definitions for CSR are often unique and speak to different motivations for why corporations engage in CSR activity. As such, there is no consistent definition of CSR, however, the ethical component is a common feature that is found in many of the definitions in the literature (Dima & Ramez, 2007; Uhlaner et al., 2004; Carroll, 1979).

This thesis supports the definition of CSR that is offered by the United Nations, which states, “CSR can be defined as the overall contribution of business to sustainable development” (UNDESA, 2007). As CSR is primarily a business or corporate initiative, this definition situates corporate responsibilities in the overall goal of sustainable development. This position and strategy also exhibits a greater potential for CSR to promote development. In addition, as this definition is aligned with the societal position on CSR it is broader than the shareholder and stakeholder CSR definitions. This point is described further in Chapters 2 and 3.

Although there is no universally agreed upon definition for CSR, the various definitions that are offered typically are dependent and reflective of the theoretical position that is taken. This thesis explores the implications that these definitions have on the different CSR strategies.

1.6 OBJECTIVE AND SIGNIFICANCE

In the journey of gaining a deeper understanding of the CSR literature, three key positions on CSR have become apparent: the shareholder, stakeholder and societal. These positions represent the key interpretations of CSR on which this thesis will focus. In doing so, the differences and similarities among the different positions will be examined using a typology unique to this thesis which focuses on the major themes and concepts of the positions. This typology will then be used to understand the different positions on CSR that represent key

international agencies, which include the United Nations and the International Finance Corporation, as well as the CSR position of the Canadian federal government. Lastly, using the typology, two Canadian corporation's CSR strategies are analyzed in hopes of drawing out further implications of the position Canada takes to CSR.

1.7 METHODOLOGY

One of the major challenges when undertaking a critical review of the literature is distinguishing and identifying credible sources from unreliable sources. The specific strategies that were used in generating the secondary data for this thesis included: peer reviewed journals; government publications; and documents from various corporations. These documents fit the criteria of quality control, objective and recognized information. The databases for peer reviewed sources utilized articles from various databases including: JSTOR, Lexis Nexis, Academic Search Premier, Google Scholar, and Access Science, official websites of relevant corporations and various Canadian federal government departments' publications and websites.

There are sources included that have not been published or peer-reviewed (e.g. industry journals, internal organizational publications, and non-peer reviewed reports). This specifically relates to Chapter 4 where community perspectives were generated. These sources were critically assessed in terms of their content and source reliability.

There were three clear stages of information gathering centering on the three main bodies of literature, CSR, development, international interpretations on CSR and the impacts of specific mining companies. This included:

1. Obtaining an understanding of CSR and development related concepts, positions and positions though a rigorous analysis of CSR literature;
2. Understanding the international standards on CSR and its impacts; and
3. Understanding the different positions on CSR being used by specific Canadian corporations.

Compiling sources that provide a complete picture of CSR has been a challenging endeavor. The vast array of sources available under the CSR umbrella has made the selection process of sources complex. The different industries, uses, definitions, perspectives and audiences around CSR added to that challenge. As such, there was an assortment of search terms used to generate the scope of data. This includes: CSR used against the following terms: corporate responsibility, Africa, development, CSR theory, CSR challenges, international standards, international agencies, Canada, Canadian corporations (including Barrick and Golden Star Resources), Canada and corporations, UN, WB and CSR, sustainability and CSR.

As described earlier, a typology was created using the key themes on CSR that were presented in the literature. In doing so, the thesis was provided with more structure. Yet there is a limitation that can be seen in the selection of the terms used to frame the typology. However, the themes that were chosen came directly from the literature, making them a valid representation of the key components to each of the three positions to CSR. This type of typology was not found in the literature and this synthesis of the key themes and positions to CSR has significance.

There are a handful of documents that have been put forward by governments and international organizations that provide the position on CSR that is taken for various agencies and governments. The United Nation's (UN) *Global Compact* (2000); the International Finance Corporation's (IFC) *Performance Standards on Social and Environmental Sustainability* (2006);

and the Canadian government's *Building the Canadian Advantage: A corporate social responsibility (CSR) strategy for the Canadian international extractive sector* (2009), represent three of such standards and comprise the basis of the analysis found in Chapter 3. These documents will be used to represent the CSR positions of these organizations. This chapter also establishes the position of key international agencies and situates the Canadian federal government's position on CSR in relation to these international agencies using the typology.

The inclusion of the above three mentioned documents in this analysis are based on the scope, the international recognition and its suitability for this thesis. The United Nations (UN) Global Compact has been endorsed by over 130 countries and represents a global initiative for CSR. The International Finance Corporation (IFC) has international recognition as an important financing mechanism in many developing countries. As this thesis is focused on the Canadian position on CSR, the inclusion of the Canadian federal government's CSR document is the only representation of Canada's CSR strategy coming from the government. Through this analysis it is hoped that a clear understanding of the CSR position that each documents holds, and their impacts, will become clear.

The countries that were chosen for the case studies are Ghana and Tanzania. These countries were chosen because they are rich in resources and face varying degrees of developmental challenges. Canada engages in international aid and development through the Canadian International Development Agency (CIDA) and CIDA has countries of priority that benefit from a bilateral relationship with Canada. This list offered an option to narrow the scope of the analysis as it specified countries that have established bilateral relationships with Canada.

Ghana and Tanzania represent two countries included in this list, and combined with their natural resources, this supported their inclusion in this analysis.

Canadian corporations that are both extractive and working in a country included in CIDA's countries of priority list are limited. Two corporations that meet these criteria are Golden Star Resources Limited (Ghana) and Barrick Gold Corporation (Tanzania). Another factor in choosing these two corporations was the lack of CSR discourse and practice documentation from other corporations. The inclusion of the two case studies hopes to further establish Canada's position on CSR through the analysis of Canadian corporations with projects and operations in developing countries. The case studies will be used to analyze the CSR discourse and practice of two extractive corporations working in Africa. Barrick and GSR represent two Canadian corporations with varying levels of success; Barrick is one of the top producing mining companies in the world (African Barrick Gold, n. d) while GSR is a mid-tier company with moderate success (GSR, 2011). The position on CSR that these two corporations follow will provide insights into the practice of CSR from a Canadian perspective. Also, using the typology offers a consistent structure for the analysis of discourse and practice, which will hopefully reflect other Canadian corporations' CSR position.

1.8 ORGANIZATION OF THESIS

This thesis has been organized into 5 Chapters. Chapter 1 provides the background, presents the research questions and discusses some of the reasons why this thesis has significance. Chapter 2 introduces the theoretical framework for the thesis and provides a synthesis and analysis of the key aspects on CSR literature. The typology that will be used to

shape the analysis for Chapters 3 and 4 is also revealed. Chapter 3 provides a discourse analysis on CSR positions through an analysis of key international documents that have been chosen from the United Nations (UN), International Finance Corporation (IFC) and Canada. Chapter 4 discusses the discourse and practice of CSR in Canada using Canadian interpretations on CSR by two corporations (Golden Star Resources in Ghana and Barrick Gold Corporation in Tanzania) followed by a conclusions and recommendations in Chapter 5.

CHAPTER 2: THREE POSITIONS ON CORPORATE SOCIAL RESPONSIBILITY

2.1 INTRODUCTION

Corporate social responsibility (CSR) literature channels many different aspects of corporate behavior and societal expectations of businesses as it relates to social responsibility and ethics within various industries. The first question in this thesis asks what are the main conceptual differences among CSR positions. One of the major contributions that this thesis provides to CSR literature is categorizing the literature according to the main positions on CSR. This type of categorization highlights key variations that are found in the application of CSR, which has implications on the types of CSR actions, that business, organizations and government's support. Furthermore, the main focus of this chapter is the creation of a typology that identifies the main themes of each position on CSR. The typology is applied to the analysis in Chapters 3 and 4.

While the literature is vast, there are three positions on CSR that have been prominent in CSR literature: the shareholder position, the stakeholder position and the societal position. The pyramid, the concentric circles and the Venn diagram have been used to visually represent these positions. These positions have been discussed generally in the works of Göbbels (2002), van Marrewijk (2001), Morsing & Schultz (2006), Branco & Rodrigues (2007), and Freeman (1984).

Göbbels (2002) offers a definition for societal responsibility, which has been used throughout CSR literature to derive some of the key components of the societal position on CSR (van Marrewijk, 2001). Van Marrewijk (2001) provides an overview of three key CSR positions (shareholder, stakeholder and societal) and proposes corresponding alternative definitions on

CSR using the works of Göbbels (2002). Although van Marrewijk (2001) describes multiple definitions on CSR, his discussion on the shareholder position provides insights into some of the key characteristics of this position. Alternately, Morsing & Schultz (2006) relate stakeholder theory to communication strategies that they have identified. Branco & Rodrigues (2007) on the other hand, describe the stakeholder and shareholder positions on CSR briefly and for the majority of the article relate how the stakeholder position on CSR is better equipped to meet business, social, environmental responsibilities. Freeman (1984) focuses on the stakeholder position on CSR. Despite the fact that the terms shareholder, stakeholder and societal have been seen generally in CSR literature, this thesis takes a more specific and critical focus on the positions. The use of these conceptual positions facilitates the way for allowing analytical clarity in the discussion of CSR.

2.2 COMPONENTS OF TYPOLOGY

There are six main themes that have been identified in the analysis of CSR literature. These themes were identified from an analysis of the positions on CSR and are used in the analysis of future chapters. The themes include: the interest group that is involved in CSR actions, the role of businesses, CSR goals and motivations, agents of CSR, concepts and definitions of CSR.

As the themes came directly from the literature, their inclusion makes them a valid representation of the key components to each of the three positions on CSR. The themes also provide a method for differentiation among the three CSR positions. Table 1 provides a summary of these main themes.

Table 1 Taxonomy of Corporate Social Responsibility Themes

Themes	Summary of Themes
1. Interest Groups	Shareholder, stakeholder or societal
2. Role of the Businesses	Role that businesses plays in the adoption of the position of CSR. i.e. dominant, mutually beneficial or secondary.
3. Goals and Motivations	Goals and motivations behind adopting CSR
4. Agents of CSR	People or groups of people that are engaging in CSR
5. Concepts	Main theories and models that coincide with each of the three positions
6. Definition of CSR	CSR definition that are associated with each of the three positions

These themes make up the components of the typology that is used in the analysis of future chapters. In addition, the typology is a key component in bringing to light the differences and similarities that can be found between the three positions on CSR. The typology's practicality can be seen in its ability to be a useful assessment tool in situating the CSR positions of various CSR related documents from international agencies, governments and business enterprises. As this type of typology has not been seen in the literature, the following analysis of the positions will provide an important categorization of key components for each of the positions.

A notable discussion provided by Geva (2003) described three CSR models: Carroll's Pyramid of CSR (1991), the Committee for Economic Development's Concentric Circles (1971) and a general intersecting circles or Venn style model. Her discussion provides a general overview of the main characteristics of each model however, the main focus of her article is the contribution of each model to CSR research. Also, Geva's discussion takes a different focus than this thesis as she provided insights into how different CSR strategies can be formulated rather

then conceptualizing a 3-fold categorization of CSR positions. There are similarities between Geva's visual representations of the three positions as Geva's visual representations were designed using the models based of Carroll's Pyramid, Swartz and Carroll's Three Domain Model, and the CED's Concentric Circles models. The construction of the three models presented in this thesis is based on the same literature and share some visual similarities.

2.3 SHAREHOLDER POSITION

The definition of CSR provided by the economist Friedman, "the social responsibility of a business is to increase its profits" (Friedman, 1970, p. 1), speaks to the theoretical basis of the shareholder position of CSR; if CSR increases profits it is an acceptable business mechanism (Friedman, 1970). Friedman defined CSR as a way "to conduct the business in accordance with [owners' or shareholders'] desires, which generally will be to make as much money as possible while conforming to the basic rules of society, both those embodied in law and those embodied in ethical custom" (Friedman, 1970). The owners or shareholders are the interest groups, and managers, as agents for shareholders, hold the responsibility of incorporating CSR into their business plans. According to Friedman, managers cannot follow their own ethical compass and act in a socially responsible manner due to the fact that they act on behalf of the shareholders who are described as being solely interested in increasing profits (Friedman, 1970, p. 2).

At its essence, the shareholder position regards any activity that will remove resources from profit-making activities, such as investing in social and environmental initiatives, as going against the business objectives. This is due to fact that the business obligations are to engage in actions that further increase profits for the businesses shareholders (Friedman, 1970).

Businesses play a dominant role in the adaptation, application and execution of CSR. This can be seen by the lack collaborations or input from communities and society from business managers, which leads to a limited role for communities and society members in CSR related activities. Accordingly, business managers and key shareholders dictate the direction of CSR related activities (van Marrewijk, 2002). One of the distinctions of the shareholder position is the value placed on the role of businesses in society. In this view, when all companies in an economy are maximizing total company value by generating profits, providing needed services and offering employment, social welfare is maximized as well (Jensen, 2002, p. 11).

The shareholder position on CSR was inspired by Friedman's work "The Social Responsibility of Business is to increase its Profits" (1970). As described above, the position is profit oriented. As Friedman's followers adapted his view on CSR two main theories associated with this position, the agency theory and shareholder theory, advanced.

The agency theory corresponds with the position of Friedman who viewed business as having only one obligation: to make profit for its shareholders (Friedman, 1962). Managers represent an agent of CSR and engage in relationships with other relevant stakeholders. As managers and relevant stakeholders all have differing interests, managers retain "control or influence over corporate decision making" (Cantrell et al, 2008, p. 131). Furthermore, "the firm is not an individual, as the nexus of a set of contracting relationships among individuals" is the firm acts as impartial entity (Jensen & Meckling, 1976, p. 9). As such, "the "behavior" of the firm is like the behavior of a market, that is, the outcome of a complex equilibrium process" and it is an "error by thinking about organizations as if they were persons with motivations and intentions" (Jensen & Meckling, 1976, p. 9-10).

Described further, “the underlying premise of the theory is that the maximization of shareholder wealth is of paramount importance, and agents of the shareholders must act with this premise in mind at all times” (Cantrell et al, 2008, p. 131). Consequently, having more than one objective hampers the decision-making ability of managers, which is why managers should focus exclusively on generating returns (Branco & Rodrigues, 2007, p. 2). The agency theory is also against over-regulation as this deters from generating additional profits and in the same tone views increased legislation as harmful as it leads to decreased businesses activities (Branco & Rodrigues, 2007, p. 2). Corporate social responsibility actions are profit minded, rather than being motivated by social action. However, this is not to say that the agency theory does not desire to see an improvement to society.

While the need for CSR may be a critical social and environmental issue, the agency theory views governments as the source of initiating and maintaining CSR activities as governments are viewed as being better equipped to deal with societal challenges (van Marrewijk, 2001, p. 2). This point supports the notion that if businesses were to be the responsible agents of CSR it would “impair the performance of business enterprises on their primary role, and would make people in general poorer as businesses are less effective in their business goals and in their ability to provide key services and benefits to society” (Branco & Rodrigues, 2007, p. 2). One of the main distinctions of the agency theory is the view that investing in CSR is unnecessary because as businesses become successful, the goods and services that are exchanged will support the positive development of society (Branco & Rodrigues, 2007).

In the literature, the agency theory is described as the ‘classical view’ of the shareholder position (Quazi & O’Brian, 2000). Modern literature on the shareholder view now recognizes the economic benefits can be gained by CSR activity and accepts narrow parameters for CSR actions (Kolstad, 2007, p. 137). The shareholder position on CSR has evolved over time and has become less influenced by the Friedman’s more traditional views. Many of Friedman’s followers who argue in favor of the agency theory are for the most part outdated (Henderson, 2001; Henderson, 2005; Crook, 2005, Norberg, 2003). This is primarily due to the financial benefits that can be gained by adopting CSR as studies have shown that there is a positive relationship between CSR and financial performance (Margolis & Walsh, 2001; Stanwick & Stanwick 1998).

Societal pressure for more social investments and environmental safeguarding from businesses has motivated shareholders to adopt an outwardly responsible CSR position (Cryer & Ross, 1997; Wahba, 2008; Sen & Bhattacharya, 2003). As a result, the more modern shareholder theory takes the position that CSR is generally an obstacle for wealth creation but is acceptable if it supports business goals (Friedman, 1970; Garriga & Mele, 2004). The shareholder theory views profit-generation as the main priority for businesses however, CSR activities that generate profits are supported. The shareholder theory can be distinguished from the agency theory by the characteristic of the acceptance of CSR actions as long as they contribute to the profit-generating ability of an organization.

Although the shareholder position on CSR includes social and environmental activity, these actions are not motivated to do what is right for society, but rather, they are undertaken because they contribute the overall goal of the position - generating profits. Correspondingly, CSR is “viewed as an instrument to increase profitability, rather than a fundamental goal in

itself” (Kolstad, 2007, p. 137). Corporate social responsibility is seen as an investment, rather than a desire for the businesses to act ethically (Kolstad, 2007). The incentive driving CSR actions is a key distinction for the shareholder theory. The business, as the dominant decision maker, is motivated to engage in CSR if it generates profits regardless of the social and environmental impacts.

Carroll (1979) has been recognized throughout CSR literature as having one of the most influential definitions of CSR (Wood & Jones, 1996). His ideas have been reflected greatly throughout the CSR literature, theory and through the conceptualization of CSR in a variety of settings (Waddock & Cragg, 1985; Wood, 1991; Aupperle, 1984; Burton & Hegarty, 1999).

Carroll (1979) defined CSR as comprising of the “legal, ethical, and discretionary expectations that society has of organizations at a given point in time” (p. 5). Carroll’s definition also includes four distinct categories of CSR: the economic, legal, ethical, and the discretionary categories. The CSR Pyramid represents a key conceptualization of a shareholder position for CSR.

The first category described by Carroll is the economic category. Economics represents businesses ability to make profits. Carroll notes, “[i]t is important that a successful firm be defined as one that is consistently profitable” (Carroll, 1991, p. 2). The second category is the legal category. It has no bearing on the moral or ethical considerations that businesses have but is instead concerned with “the laws and regulations under which business [are] expected to operate” (Carroll, 1991, p. 5).

The ethical category is the most controversial category as there are no clear standards portrayed and there may be clashes with the economic responsibilities that businesses pursue

(Friedman, 1962). Although there are no clear guidelines on a business's ethical responsibilities, Carroll comments that these actions would go above the legal and economic responsibilities of businesses (Carroll, 1991). Carroll also argues that businesses need to assess the appropriate social issues that are the best fit with the business or of the most interest to the business that they will support and designate proper actions for those issues (Carroll, 1991). Carroll's last category is the discretionary responsibilities. Businesses have total control over these voluntary actions that are geared towards helping society (Carroll, 1991). According to Carroll, these categories comprise an organizations complete CSR responsibility.

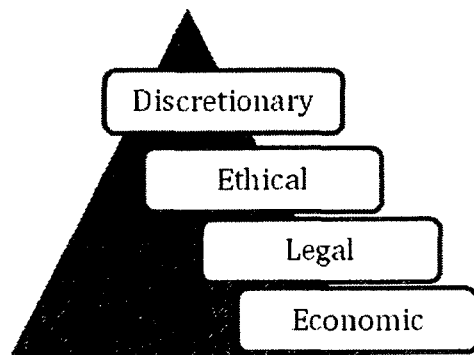
Although the literature on the Pyramid links it to the stakeholder position on CSR (Carroll, 1991; Visser, 2006) based on the inclusion of the discretionary category, I argue that the ambiguities seen in some of the key categories, specifically the ethical and discretionary categories, leave significant room for the model to represent shareholder's interest.

Carroll writes from the interest of businesses and shareholders. Figure 1 provides an illustration of the hierarchal levels of the Pyramid. The economic category, which Carroll describes as being the only essential category in the Pyramid, acts as the foundation for the other categories included in Carroll's model. This distinction supports the view that shareholders are the major interest groups in the outcome of the Pyramid model. Businesses play the dominant role and have complete influence over the nature of CSR strategies that are adopted.

Additionally, the lack of overlap in the structure of the Pyramid further supports the shareholder position on CSR. For example, the philanthropic responsibilities (discretionary) are not a strong category and have been viewed as not being a 'real' responsibility based on Carroll's phrasing (Visser, 2005). As noted earlier, Carroll (1991) was unable to clearly describe what this

category would entail which might account for the confusion in its role in CSR model. As the shareholder position on CSR is motivated to increase profits, the Pyramid offers a model that supports the economic motivations of businesses.

Figure 1 Pyramid Model of Corporate Social Responsibility Concepts



Source: Adapted from Geva (2008, p. 5, Figure 1)

In terms of CSR actions, the shareholder position is comprised of voluntary actions that combat social and environmental responsibilities if it fits in with the businesses overall businesses strategy (Kolstad, 2007). Businesses will not support actions deemed outside of the self-prescribed scope of business interests and will instead concentrate on profit-making actions for the business (Garriga & Mele, 2004). While morality and ethics are not a concern, the reputation boost that often comes with being socially responsible is seen as another strategy to engage in CSR activities as it may improve profits (Kolstad, 2007).

The six main themes that were used to analyze the shareholder position on CSR revealed the following key distinctions of the shareholder position: the interest groups are clearly shareholders; CSR is economically motivated and businesses hold a dominant role in enacting

CSR policies and activities; managers act as agents of CSR on behalf of shareholders; CSR is adopted if businesses are economically motivated to engage in CSR related activities; Carroll's (1991) Pyramid offers a conceptualization of the key concept of the economic component being the most critical aspect of CSR; and CSR is defined as activities that increase profits. The next section presents a discussion of the stakeholder position on CSR.

2.4 STAKEHOLDER POSITION

The stakeholder position on CSR recognizes that other groups besides shareholders influence a business's CSR related decisions and activities (Branco & Rodrigues, 2007, p. 3). The stakeholder position on CSR is concerned with the interests of various stakeholders, in addition to shareholders, who have an interest in business activities (Clarkson, 1995, p. 100). As such, the "high level of interdependence between the corporation and its primary stakeholders" places businesses in a mutually beneficial relationship with their stakeholders. Businesses are motivated to develop long term value with stakeholders, rather than simply focusing on generating immediate profits for shareholders (Andriof & Waddock, 2002, p. 324).

"Primary" or "businesses stakeholders" include shareholders, employees, suppliers and customers (Preston, 1990; Clarkson, 1995). There are also "public stakeholder groups" which includes governments and communities that are affected directly or indirectly by the company's operations (Clarkson, 1995).

As described by Freeman (1984), different stakeholders perform different duties relating to CSR. Non-governmental organizations (NGOs), such as MiningWatch, primarily work with

businesses and organizations in monitoring, accountability and collaborative activities; social and environmental groups are concerned with monitoring; international agencies set up and help regulate standards of practice such as the International Labour Organization (ILO); and governments are responsible for the legal and regulatory actions (Friedman, 1970). Secondary stakeholders include “those who influence [the] corporation” (Clarkson, 1995, p. 107). Table 2 provides a further summary of key stakeholder roles in CSR.

Table 2 Summaries of Stakeholders

Stakeholders	Responsibilities
Owners/shareholders	Perceives CSR as a cost/tax to do business.
Creditors	Credit ratings are impacted by social and environmental risks and how the firm manages these risks.
Customers	Impacts corporate reputation which then impacts returns for the firm
Employees	Positive impact on employee morale
Suppliers	Could result in suppliers being asked to work towards international standards
NGOs	Could result in strategic alliances with NGOs with positive economic of stakeholders, have more outcomes for the firm

Adapted from: Munilla & Miles, 2005, p. 382-383

In this view, businesses are taking responsibilities over selected social issues that are aligned with their stakeholders’ goals (Clarkson, 1995). In the theory, the stakeholder position intends to serve the interests of key stakeholders by taking the concerns of all its stakeholders, not simply its shareholders, into consideration of their decisions (McWilliams et al, 2006, p. 3). However, businesses “are free to decide the extent to which they will acknowledge, recognize, or pursue obligations and responsibilities to their stakeholders” (Clarkson, 1995, p. 105). This ambiguity can create issues when one stakeholder group, such as the shareholders, is more appeased than other stakeholders, such as communities who are often negatively affected by

businesses operations. Consequently, the line between the economic, social and environmental motivations is at times blurry in the stakeholder position on CSR.

Some of the motivations behind the stakeholder position include acquiring a social license to operate in communities that are affected by the businesses operations and appeasing primary and secondary stakeholders by making their concerns a priority (McWilliams et al, 2006). Social license is a key component to businesses obtaining community support of businesses presence in a community and gaining the support of business activities. Although unregulated, “a social license is earned by acquiring free, prior and informed consent from indigenous peoples, and local communities” which can be “acquired through mutual agreements in a forum that gives communities leverage to negotiate conditions, as well as an offer based on multidisciplinary analysis” (Salim 2003 as cited in Nelson & Scoble, 2006, p. 1). This is especially true in the resource extraction industry.

The stakeholder position includes voluntary actions that combat social and environmental responsibilities such as adopting CSR reporting techniques like the Global Reporting Initiative (GRI) (Evan & Freeman, 1993). This may also include businesses adhering to the Global Compact, obtaining environmental clearance, emissions ratings, and conducting social and environmental assessments.

The stakeholder definitions for CSR are broader than shareholder definitions as there are parameters in the position that include social and economic responsibilities. More recently, Michael Hopkins (2007) captures the focus on stakeholders in his definition.

CSR is concerned with treating the stakeholders of the firm ethically or in a socially responsible manner. Stakeholders exist both within a firm and outside. The aim of social responsibility is to create higher and higher standards of living, while preserving the

profitability of the corporation, for its stakeholders both within and outside the corporation (Hopkins, 2007, p. 9).

This definition speaks to the obligations corporations have and recognizes that CSR actions go beyond generating profits. There is a clear ethical component that links directly to the essence of the stakeholder position on CSR. This is a notable shift from the shareholder position that is against actions that take away from and distract from profits (Freidman, 1970).

As noted in the shareholder discussion, Carroll associates the CSR Pyramid with the stakeholder position on CSR. However, Carroll himself acknowledges the ambiguity of the principles and the inequality of the weight placed on the economic principle. These were the grounds for the placement of the Pyramid in the shareholder discussion. As Carroll is the co-author of the Three Domain Model, he too attempts to reposition his new ideas about CSR.

While the Pyramid remains a model often referred to in CSR discourse, Carroll's contribution to the Three Domain Model is not a rejection of the Pyramid as Carroll has referred back to the relevance of the Pyramid in a more recent 2010 publication (Carroll & Shabana, 2010). The Three Domain Model can be viewed as an attempt to reposition and provides an alternative to the earlier CSR framework.

The Three Domain model offers a comprehensive framework for understanding the key components of CSR. Schwartz and Carroll (2003) established this model as an alternative to Carroll's Pyramid of CSR due to the ambiguities in some of the Pyramid's CSR categories. The authors use the language of domains as opposed to principles to illustrate the different interactions and characteristics between each of the three domains of the model.

In their description of the domains, Schwartz and Carroll describe the ethical domain as representing actions that have “either a direct or indirect positive economic impact” on any given corporation (Schwartz & Carroll, 2003, p. 508). Actions that are economically motivated comprise behaviors in the economic domain for this model. Schwartz and Carroll derived this from point from Poitras (1994), who described a positive impact including the maximization of both profits and share value.

The legal domain is made up of actions that “pertains to the firm’s responsiveness to legal expectations mandated and expected by society in the form” of laws and other legalities (Schwartz & Carroll, 2003, p. 509). The authors provide three criteria for this domain: compliance, avoidance of civil litigation and anticipation of the law (Schwartz & Carroll, 2003, p. 509). Under the compliance criteria, a corporation makes “passive” actions in the interest of their business. Actions are labeled “restrictive” if a company is compelled to act by law, and “opportunistic” when a company utilizes loopholes in its practices to evade complying with laws (Schwartz & Carroll, 2003, p. 509). These criteria deal with the outcomes and not the motivations of a company. The “avoidance” category deals with a company’s actions to protect itself from legal action or stigma once it becomes aware that broken laws or regulations may be uncovered. “Anticipatory” processes encompass anticipating laws and legislation in which the company has an interest. Companies can “help prevent, modify, or slow down” the new law or regulation using the anticipatory process (Schwartz & Carroll, 2003, p. 511).

The last domain described in this theory is the ethical domain, which represents “the ethical responsibilities of business as expected by the general population and relevant stakeholders” (Schwartz & Carroll, 2003, p. 511). The ethical domain reflects an important

characteristic of the stakeholder position on CSR, as the inclusion for community and businesses stakeholders' responsibilities is the key differentiating characteristic from the shareholder position. The reference to 'relevant stakeholders' and general expectations from society are stakeholder oriented terms and traits.

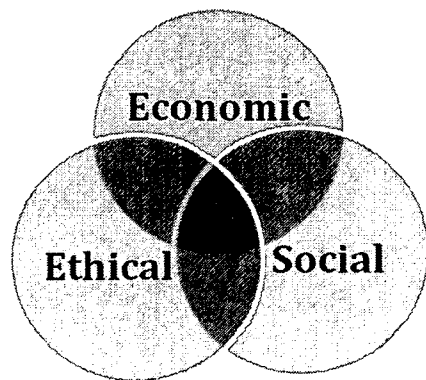
This domain also reflects the difficulty in distinguishing "philanthropic" and "ethical activities on both a theoretical and practical level" and as a result, this domain leaves room to accommodate "philanthropic activities that might simply be based on economic interests" (Schwartz & Carroll, 2003, p. 506). This links directly with the fundamental motivations of the shareholder position on CSR, as well as illustrates the ambiguity that has been described in the stakeholder position. The ethical component of CSR is not a clearly defined or understood concept. As a result, the Three Domain model can be distorted to fit shareholder ideas. However, the authors do note that the ideal representation of the Model is one where the economic, legal and ethical domains are working together equally (Schwartz & Carroll, 2003).

As described by the authors, the "conventional, consequentiality, and deontological" issues include both domestic and international responsibilities. The conventional standard is used to describe "standards or norms which have been accepted by the organization, the industry, the profession, or society as necessary for the proper functioning of business" (Schwartz & Carroll, 2003, p. 512). It is noted that formal international standards should be used to establish and develop companies' ethical standards and not subjective or personal discretions (Schwartz & Carroll, 2003). The consequential standard represents outcomes following the ideas of Hoffman, Frederick, and Schwartz (2001) who observed the moral aspect of doing the right thing as a motivating factor behind being socially responsible. "Actions are considered ethical...when the

action is intended to produce the greatest net benefit to society when compared to all of the other alternatives” (Schwartz & Carroll, p. 512). The third category, obligatory actions, is reflected in the deontological standard under ethics. Rights and justice, environmental protection, honesty and integrity all fall into this category.

The Three Domain Model includes three domains of CSR, namely: the economic, legal and ethical domains. A Venn diagram reflects the interconnection of the three domains in relation to each other (Figure 2). They are overlapping, interconnected and also distinct with areas of independent responsibilities, and areas of shared responsibilities. Broken down further, there are purely economic, legal and ethical categories, and there are also economic/ethical, economic/legal, local/ethical and there are economic/legal/ethical domains. Table 2 provides a summary of the relationships between the joint category combinations.

Figure 2 Three Domain Model of Corporate Social Responsibility Concepts



Source: Adapted from Geva (2008, p. 5, Figure 1)

Table 3 Summary of Three Domain Model Responsibilities

Categories	Summary of Category Actions
Purely Economic	Actions that have any type of economic impact on an organization (illegal, unethical or legal). For example, CSR to generate profits
Purely Legal	Actions by corporations that have no economic benefits or motivations. For example, corporations having to adhere to the NAFTA treaties even if it results in economic losses.
Purely Ethical	Actions that have no direct or indirect economic or legal benefits or consequences. This would fall into the human rights and other ethical actions that corporations make to support human rights.
Economic and Ethical	Actions that are ethical but come with economic benefits. For example, selling fair trade products while increasing profits.
Economic and Legal	Economic and legal actions that are unethical. Obtaining environmental clearance to run a mining project even through there are negative effects of corporations projects on communities.
Legal and Ethical	Legally required and ethical but do not generate profits. Few actions fit into this category. For example, BP legally and ethically are providing supports to the communities and industries in the Gulf of Mexico.
Economic/Legal/Ethical	This is the as all categories are supported.

Source: Adaptation of Schwartz and Carroll, 2003, p. 513- 518.

This model focuses on the economic and ethical concepts around CSR and creates a method of addressing these potentially conflicting ideals of stakeholders through the interaction of the three domains. “Actions are considered ethical...when the action is intended to produce the greatest net benefit to society when compared to all of the other alternatives” (Schwartz & Carroll, 2003, p. 512). As the model designates the economic, legal and ethical overlapping category as the ideal relationship between the three categories, this comprehensive model provides the stakeholder position with a model to frame CSR related situations and actions.

The stakeholder position is economically and ethically motivated to invest in society through supporting stakeholder groups’ societal interests and actions that increase profits. The model however, is similar to the shareholder position where businesses “are [still] free to decide

the extent to which they will acknowledge, recognize, or pursue obligations and responsibilities to their stakeholders” (Clarkson, 1995, p. 105). A fundamental characteristic of the stakeholder position is the motivations behind CSR actions, including the varying interests of stakeholders involved.

The stakeholder position on CSR is motivated by the call for more responsible business practices (Evan & Freeman, 1993). In the stakeholder position, businesses recognize that they have responsibilities that extend further than focusing solely on generating profits. As such, the stakeholder position “has become widely accepted among contemporary business organizations” (Russo & Perrini, 2009, p. 209).

The stakeholder position has distinct characteristics that came forth in the above discussion. This includes primary stakeholders as the main interest groups involved in CSR, businesses taking the role of pursuing mutually beneficial relationships with its stakeholders and stakeholders representing the main CSR actors. Consequently, CSR in this position is motivated by economic gains, which is reflected in profits, but it is also socially motivated, which is reflected in the social investments made in interest of stakeholders. Shareholder definitions include CSR actions that go beyond generating profits. These characteristics encompass the components of the stakeholder typology.

This analysis has established the key themes of the stakeholder position that will make up the typology that will be used in the Chapters 3 and 4. Where the stakeholder position on CSR provided a broader scope for CSR actions, the societal position on CSR, which is described in the next section, is a position that is founded on the needs of the global society.

2.5 SOCIETAL POSITION

The societal position on CSR is based on the notion that businesses are motivated to improve society as “business [are asked] to assume broader responsibilities to society than ever before and to serve a wider range of human values” (Committee for Economic Development, 1971, p. 16).

In this position, a business is a functioning part of society (van Marrewijk, 2003) and businesses take a less significant role in the adoption of CSR. “Business function by public consent and its basic purpose is to serve constructively the needs of society - to the satisfaction of society” (Committee for Economic Development, 1971, p. 11; van Marrewijk, 2002).

The societal position is motivated by the collective need for all groups in society to contribute to the betterment of all peoples and groups in society (Committee for Economic Development, 1971). As agents of CSR, businesses, civil society, international agencies and governments work together to meet society’s needs. Corporate social responsibility is fully integrated and embedded in every aspect of an organization with the purpose of contributing to the quality of life for all groups in society (van Marrewijk, 2002, p. 9). Society as a whole engages in CSR activities in the societal position on CSR.

The strategies that the societal position utilizes reflect the needs of society and the position consists of collaborative CSR activities. Specific actions include collaborations with communities, governments, other businesses and any other relevant social player.

Businesses act as one agent of CSR and are part of the processes of reporting, maintaining transparency, creating consistent international standards of behaviors, targeting universal issues and improving accountability (van Marrewijk, 2002). One of the key distinctions

of this position is the notion that improvements for society translate into improvements for businesses. When society's needs are met, businesses will also have their business needs met, including their financial goals (Committee for Economic Development, 1971).

The Committee for Economic Development (CED) developed one of the first key conceptualization models of CSR in 1971. This model is grounded in the idea that businesses and corporations are morally obligated to broaden their business goals rather than focusing strictly on engaging in activities that center around increasing profits (Committee for Economic Development, 1971). It is the motivation behind this model that aligns it within the societal position.

When this model was developed, its purpose was to provide a model that would be suited to support businesses adoption of CSR related activities. As there is no clear societal definition of CSR, the CED was said to have "articulated a triple concentric definition of social responsibility" through the creation of the Concentric Circle Model (Carroll, 1999; Salehi, 2009, p. 64).

The Concentric Circles model is made of three core concentric circles of responsibilities. The economic interest of corporations makes up the inner circle; the next ring reflects economic actions that are designed to adjust to "the changing social values and priorities" (Committee for Economic Development, 1971, p. 15) and the outer circle reflects the activities that a corporation engages in to support and protect the environment. The placement of these priorities relates to the new and evolving responsibilities that have yet to take shape as the outer most circle has the room to incorporate changes in society's values and needs (Committee for Economic Development, 1971, p. 16).

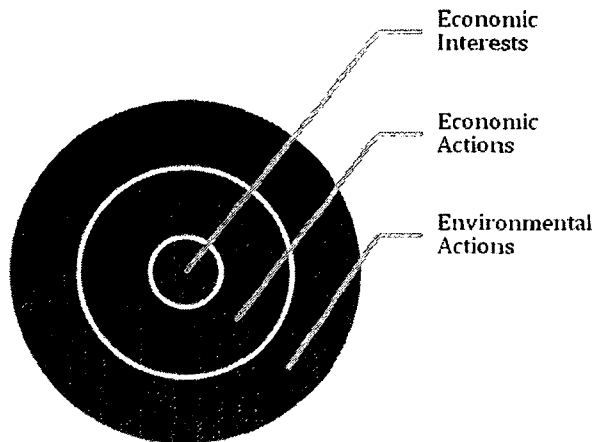
The circles are organized in a way that represent the “integration of shared responsibilities as each of the circles share the same core value: working towards the betterment of society” (Geva, 2008, p. 6). While the economic responsibilities are located at the core of the model, economic responsibilities are meant to be inclusive as opposed to representing a hierarchal level of importance (Geva, 2008, p. 6). The economic functions of growth, developing products and jobs creation are described as being monitored in accordance to the priorities in society (Committee for Economic Development, 1971, p. 16). Figure 3 provides a visual representation of this model.

The Concentric Circles model represents the ethical perspective that businesses should operate within society’s expectations as businesses “operate by public consent (license to operate) in order to “serve constructively the needs of society – to the satisfaction of society” (Committee for Economic Development, 1971, p. 11). What drives the interaction between the three circles is the notion that the competitive marketplace has proved “to be an efficient way of allocating economic resources to meet society’s needs” (Committee for Economic Development, 1971, p. 26). This model can be interpreted as supporting businesses being responsible for their actions and for society because it will improve their position as a company as well as society as a whole.

The literature refers to the societal position as being based on the notion that businesses have responsibilities to society, and society directs the types of social investments of businesses (Committee for Economic Development, 1971; Goodpaster & Matthews, 1982; van Marrewijk, 2002; and Göbbels, 2002). Businesses are integrated into society and hold a secondary role in the creation and adoption of CSR. According to one author,

[The] societal position especially appears to be a (strategic) response to changing circumstances and new corporate challenges that had not previously occurred. It requires organizations to fundamentally rethink their position and act in terms of the complex societal context of which they are a part (van Marrewijk, 2003, p. 3).

Figure 3 Concentric Circles Model of Corporate Social Responsibility Concepts



Source: Adapted from Geva (2008, p. 5, Figure 1)

The analysis of the societal position on CSR has brought forth key themes that are central to the societal position. The first one relates to the agents of CSR. This includes the inclusion of multiple stakeholder groups in society and the motivation driving of agents of CSR is to bring forth positive changes in society. As such, the role of businesses is secondary in that businesses operate with public interest in mind rather than relying on their own interests. The Concentric Circles model offers a conceptualization of the key concepts behind the societal position. This includes the idea that businesses are working towards social needs. Lastly, societal definitions are often broad and include reference to the contribution of social actors on global issues.

2.6 DISCUSSION

The research question addressed in this chapter asked: what are the main conceptual differences among CSR positions? In the journey to answer this question, this chapter provided an analysis of the key positions on CSR using the typology. The three positions on CSR, namely, shareholder, stakeholder and societal, present the main variations that are seen in CSR literature. In this chapter, a typology was developed comprised of six themes that were identified from the literature. These themes include: interest groups, role of the businesses, goals and motivations, agents of CSR, concepts and definitions of CSR. This typology was then applied to the analysis of three positions on CSR.

A typology such as this has not been found in the literature on CSR. This typology that was created through the analysis of the literature around CSR is an important contribution to CSR literature as it has usefulness in its ability to analyze the CSR position of important CSR documents.

The shareholder position on CSR is characterized with businesses playing the sole role in the adoption of CSR activities as shareholder interests motivate CSR activities. Managers will deem CSR as acceptable if it is concerned with maximizing profits, as the shareholder position is economically motivated to increase profits.

The stakeholder position is broader in that relevant interest groups, in the form of primary and secondary stakeholders, are taken into consideration when engaging in CSR related activities. Businesses are engaged in mutually beneficial relationships with its stakeholders and are driven economically and ethically to increase profits and not abuse society.

The societal position represents the broadest view of the three in that benefit for society is the aim of all groups in society and businesses would adopt CSR to further support the development of society. Governments, NGOs and other societal groups are also engaging in similar actions and as a result they each play a secondary role in the adoption of CSR. CSR is socially motivated as significant groups in society are engaging in actions that improve society; as society is uplifted and the groups are uplifted as well. Table 2 provides a summary of the typology for the three positions.

These three positions on CSR explore the theoretical differences between shareholder, stakeholder and societal concepts on CSR. This type of organization assisted in the synthesis the literature as it drew out the major similarities, differences and significant themes. The typology will facilitate the development of these themes for further analysis of CSR documents as it will assist in drawing out key differences and similarities of the position each agency and government body in the chapters to come.

Although at this point it is still unclear where the Canadian position on CSR falls in relation to this typology, what has become clear is that these positions are not equal in their ability to address the development and poverty issues that are prevalent in developing countries. From the typology we can see that the stakeholder and societal position are better suited to deal with these challenges than the shareholder position on CSR.

The typology for the shareholder position is not ideally suited to address any social or environmental issues that do not contribute to the businesses financial success. Being profit motivated to engage in CSR without collaboration from relevant stakeholders limits the ability of the shareholder position to address any environmental or social needs, as those issues are not a

motivation behind CSR actions. The key concepts behind this position include economically driven ideals. This can be contrasted with the typology for the stakeholder position, as the stakeholder position recognizes other interest groups in addition to shareholders. As long as there are stakeholder groups that have environmental and social interests, businesses should take these interests into consideration when making socially responsible decisions and actions.

Unfortunately however, this is not guaranteed in this position. Even though businesses may be motivated to increase profits while satisfying the interests of its stakeholders, there is the opening to choose one stakeholder group over another, as there are no clear guidelines of creating mutually beneficial relationships with all stakeholders. The Three Domain model can be used to facilitate this relationship, however, all three categories, legal, economic and ethical, have to be supported by the business to reach this ideal.

The societal position has the most ideal characteristics, as represented by the typology, to address development challenges in resource-rich developing countries. The inclusion of various interest groups working together to meet social and environmental challenges is a key feature. This challenge would not be taken up by businesses alone as other social agents would be working towards dealing with the issues. As businesses are one social agent working towards the good of society, the Canadian position on CSR would perform well if the types of CSR actions and strategies it endorsed and employed were aligned with the societal position.

The next chapter establishes the CSR position of key international agencies CSR documents using this typology. The Canadian position on CSR will be assessed alongside the positions of the key international agencies. From this analysis, the Canadian position on CSR will be determined.

Table 4 Typology of Corporate Social Responsibility Positions

Interest Group	Shareholder	Stakeholder	Society
Role of Businesses	Dominant. Businesses serve their own ends	Mutually beneficial relationships. Businesses serve stakeholders and shareholders	Secondary. Businesses serve society
Goals and Motivations of CSR	Adopt when it increases profits	Adopt if it increases profits and helps society	Adopt when it helps society which helps businesses
Agents of CSR	Managers	Managers and other stakeholders	Wide variety of societal actors (governments, international organizations, businesses etc.)
Concepts	Pyramid – Economic component most important	Three Domains – Economic, legal and social components important as long as they serve stakeholder interests	Concentric Circles – Economic, legal and social components important as long as they serve society's interests
Definitions of CSR	"The social responsibility of a business is to increase its profits" (Friedman, 1970, p. 1)	"CSR is concerned with treating the stakeholders of the firm ethically or in a socially responsible manner" (Hopkins, 2007, p. 9).	"CSR can be defined as the overall contribution of business to sustainable development" (UNDESA, 2007).

CHAPTER 3: INTERNATIONAL INTERPRETATIONS ON CORPORATE SOCIAL RESPONSIBILITY

3.1 INTRODUCTION

“Twenty years after the first global environment conference, the UN sought to help governments rethink economic development and find ways to halt the destruction of irreplaceable natural resources and pollution of the planet” (United Nations Conference on Environment and Development, 1992). This conference, the Rio Earth Summit (1992), brought together over 170 countries with the purpose of bringing global sustainable development to the forefront of the development agenda. However, almost 20 years later, there is still not a universal agenda on sustainable development available for corporations to support and there are no global regulatory systems to monitor the actions of resource extraction corporations. There remains “the need to redirect international and national plans and policies to ensure that all economic decisions fully [take] into account any environmental impact” (United Nations Conference on Environment and Development, 1992).

There have been efforts by the international community to establish standards of corporate social responsibility (CSR). This chapter analyzes some of these agencies’ interpretations of CSR, as well as the Canadian federal government interpretation of CSR. This chapter also determines how the Canadian federal government’s CSR positions differ from international development agencies’ CSR positions.

There are a handful of initiatives that have been advanced by governments and international organizations that encompass key international principles for CSR actions. The documents which have been chosen as representative of these initiatives include: the United

Nation's (UN) *Global Compact* (United Nations Global Compact Office, 2001); the International Finance Corporation's (IFC) *Performance Standards on Social and Environmental Sustainability* (2006); and the Canadian federal government's *Building the Canadian Advantage: A corporate social responsibility (CSR) strategy for the Canadian international extractive sector* (DFAIT, 2009). Although these documents exist, the position on CSR that has been adopted by these international agencies and by the Canadian federal government is not explicitly identified. This chapter addresses this gap and presents the CSR position reflected in these documents. There is also a gap in the literature that offers a comparison of the Global Compact with the Performance Standards or literature assessing the Canadian Advantage. This chapter provides this type of analysis and consequently adds to the scope of literature around international standards of CSR.

The inclusion of the above three mentioned documents in this analysis is based on both their scope and international recognition. The UN and IFC are internationally recognized organizations that play key roles in development and discourse around CSR by way of their CSR related documents. Canada plays a prominent role in the resource sector, which has relevance for Canadian corporations' CSR. Through this analysis it is hoped that a clear understanding of the CSR position that each agency holds will come forth through the analysis of their CSR document. This will be accomplished by first establishing the CSR positions on CSR in the Global Compact and the Performance Standards using the typology. After establishing the Canadian Advantage's position on CSR using the typology, the discussion situates that position within these international perspectives.

Once the positions of the different documents are revealed, the Canadian federal government's position on CSR will be clear, which will have implications on how Canadian

corporations engage in CSR. The findings of this chapter will also offer insights into the ability of the Canadian position on CSR address development challenges will come forth, which will set the stage for discussions in Chapter 4.

3.2 *THE GLOBAL COMPACT (GC)*

The United Nations (UN) consists of specialized agencies that represent a collective effort in the areas of “peacekeeping, peacebuilding, conflict prevention, humanitarian assistance” and address “a broad range of fundamental issues” for its 193 Member States (United Nations, 2012). There are four main over arching purposes within the UN which include: to keep peace around the world; to develop friendly relations among nations; to help nations work together to improve the lives of poor people; to conquer hunger, disease and illiteracy; to encourage respect for each other’s rights and freedoms; and to be a center for harmonizing the actions of nations (United Nations, 2012). Among the many global issues that the UN supports, CSR has developed into a key area within the UN. The establishment of the *Global Compact* (GC) reflects the UNs commitment in the area of CSR.

The GC was conceptualized during the World Economic Forum in Davos (1999) as a mechanism to support the desire to address the social and environmental challenges that face people all over the world. During that Forum, Annan (2000) articulated the challenges of globalization and the need “to combine the best properties of the UN, such as moral authority and convening power, with the private sector’s solution-finding strengths, and the expertise and capacities of a range of key stakeholders” (UNGC, 2011).

The GC includes 10 universal principles. The principles include: human rights, labour standards and the right to work, environment, and anti-corruption (UNGC, 2011). As described on the GC website, “the United Nations Global Compact seeks to mainstream these ten principles in business activities around the world to catalyze actions in support of broader UN goals, including the Millennium Development Goals (MDGs)” (UNGC, 2011). The Global Compact is “global and local; private and public; voluntary yet accountable” (UNGC, 2011). The following discussion highlights the key characteristics of the GC, which demonstrates that the GC takes a societal position on CSR.

“With over 4,000 stakeholders from more than 100 countries, [the Global Compact] is the world’s largest voluntary corporate citizenship initiative” (UNGC, 2011). The agents of CSR involved in the GC include governments, international agencies, NGOs, businesses and other social groups. While businesses hold the primary role of enacting the GC principles, governments and other social entities have a role in making sure that CSR actions support sustainable development. The inclusion of various stakeholder groups supports these efforts and provides room for global participation.

The GC observes, “businesses, as a primary driver of globalization, can help ensure that markets, commerce, technology and finance advance in ways that benefit economies and societies everywhere” (UNGC, 2011). As such, businesses roles are to serve societies and economies on a global scale rather than focusing on their own interests. In reference to businesses, the GC states, “many companies recognize the need to collaborate and partner with governments, civil society, labour and the United Nations” (UNGC, 2011).

In the societal position, businesses were described as working with different groups in society contributing as a whole to the betterment of society. The GC adheres to this notion as businesses are collaborating with other groups in society to make globalization more inclusive. More specifically, “corporate roles” are to:

Make the Global Compact and its principles an integral part of business strategy, day-to-day operations and organizational culture;

Incorporate the Global Compact and its principles in the decision-making processes of the highest-level governance body (i.e. Board);

Contribute to broad development objectives (including the Millennium Development Goals) through partnerships;

Integrate in its annual report (or in a similar public document, such as a sustainability report) a description of the ways in which it implements the principles and supports broader development objectives (also known as the Communication on Progress); and

Advance the Global Compact and the case for responsible business practices through advocacy and active outreach to peers, partners, clients, consumers and the public at large (UNGC, 2008).

“The Global Compact exists to assist the private sector in the management of increasingly complex risks and opportunities in the environmental, social and governance realms, seeking to embed markets and societies with universal principles and values for the benefit of all” (UNGC, 2011). In this fashion, businesses take on a secondary role as they promote key benefits to all groups in society as “the Global Compact is global and local; private and public; voluntary yet accountable” (UNGC, 2011). Corporate social responsibility actions are voluntary and they represent the GC as being socially motivated to benefit all groups in society.

The definition of CSR that is offered by the UN states, “CSR can be defined as the overall contribution of business to sustainable development” (UNDESA, 2007). This definition

includes a wide scope of responsibilities that businesses have to society. Looking at the societal position's main concepts, represented by the Concentric Circles model, the ideas of social values, protection of the environment, and promotion of economic growth and job creation are represented. These components support business responsibilities to society.

As the UN's definition for CSR is broad and includes benefits to society, it shares characteristics with definitions that are aligned with the societal position as both reflect the contribution of businesses to social and environmental needs.

As with any major initiatives, the GC is not without criticism. The GC has been criticized for its lack of "enforcement capability" (Cohen, 2001, p. 196). In order to address the lack of an enforceable component to the GC initiative, in 2003 the UN added the requirement of an annual Communication on Progress report where companies have to provide evidence of their positive actions that are aligned with the GC (Whitehouse, 2003, p. 308). While the GC is voluntary, it is hoped that the involvement from the international community is supported with "real results" (UN Global Compact Office, 2001, p. 1).

Critics also describe the GC as a "free ride", as the lack of a measurable accountability mechanism opens the door for corporate partners that have economic and social power to exploit the GC (Utting, 2000). Also, the ability for companies to choose specific principles to follow as opposed to following all of the principles has been mentioned. There is little distinction between those groups who follow all of the principles and those who adhere to only a few. There are also groups that have the opinion that the GC "does more to enhance the image and legitimacy of big business than to improve social and environmental standards" (Utting, 2002, p. 32).

These criticisms are linked to the “lack of transparency” of the reports that have been published by the GC that have been observed by several NGOs (e.g. Hemphill, 2005; Hughes et al., 2001; Ruggie, 2001). This is in part due to the lack of independent external auditing and verification mechanisms (Utting, 2000). It would be to the GC detriment to assume that all corporations are equal in their motivation to help society. Many companies are only concerned with taking advantage of the voluntary, unregulated nature of the GC and do not practice the more ethical components (Hemphill, 2005).

When providing an analysis of the content on the GC, Rasche (2009) provided an important discussion of the communicative position of the GC and how that impacts the role of the GC. Accordingly, Thérien & Pouliot (2006) make reference to the large size of the UN, and question the lack of transparency and how that in part led to the addition of the 10th principle in 2004 which is that “[b]usinesses should work against corruption in all its forms, including extortion and bribery” (Williams, 2004, p. 755; UNGC, 2008). There have been a number of documents, as reflected above, that have sought to analyze different aspects of the GC. These aspects, which are reflected above, include its voluntary nature, lack of transparency in reporting and the overarching role that companies could play in engaging in CSR.

When using the typology to assess the CSR position that best fits the GC, the typology reveals that the GC is most aligned with the societal position on CSR. The alignment is found in the variety of different interest groups involved, which includes: society including governments, NGOs and businesses. This is characteristic of the societal typology’s agents of CSR where it was explained that governments, international organizations, and managers all have a role in CSR activities. The GC views businesses’ CSR actions as working with societies’ social and

environmental goals. Businesses play a secondary role in initiating the direction of CSR activities in the GC, which is also reflected in the societal position. The GC goals are centered on positive contributions and outcomes to society. As described above in the definition of CSR offered by the UN, the GC promotes collaborations with other groups in society working towards supporting sustainable development. These are all characteristics that are consistent with the societal position on CSR.

As the GC is socially motivated, it is a key international initiative for supporting development and sustainable development in developing countries. As the GC shares its foundations with the UN it should come as no surprise that at its core the GC is focused on the betterment of society.

3.3 THE PERFORMANCE STANDARDS (PS)

The IFC is the “private sector arm of the World Bank Group” and although the IFC is independent, legally and financially, it shares the World Bank’s (WB) vision “to fight poverty with passion and professionalism for lasting results and to help people help themselves and their environment by providing resources, sharing knowledge, building capacity and forging partnerships in the public and private sectors” (WB, n. d). In this image, the IFC has made a commitment “to create opportunity for people to escape poverty and improve their lives” (IFC, 2011). This is to be achieved by “promoting open and competitive markets in developing countries, supporting companies and other private sector partners where there is a gap, helping generate productive jobs and deliver essential services to the underserved, and catalyzing and mobilizing other sources of finance for private enterprise development” (IFC, 2011).

The Performance Standards on Social and Environmental Sustainability (PS) is part of “the IFC’s longstanding commitment to sound environmental management and social development, accountability, and... transparency and...clearly articulates clients’ environmental and social (E&S) responsibilities” (IFC, 2006, p. 1). The PS represents one of the only mandatory CSR strategies that can be found from an international organization. The PS exhibits many characteristics that follow a stakeholder position on CSR.

The IFC defines CSR as “the commitment of businesses to contribute to sustainable economic development by working with employees, their families, the local community and society at large to improve their lives in ways that are good for business and for development” (IFC, 2006, p. 11). This definition is consistent with a stakeholder definition of CSR. The definition includes various groups represented by employees, community groups and society, who have an interest in development issues. The interaction between the various stakeholders and the inclusion of social improvements are key distinctions of the stakeholder position, which is reflected in the IFC’s definition.

The PS was founded upon the “internationally agreed upon principles” of the OECD *Guidelines for Multinational Enterprises* with the intent to build an atmosphere of “sound environmental management and social development, accountability, and transparency” (IFC, 2009, p. 3). The PS also includes a prescribed set of criteria that clients have to fulfill for the duration of their financial relationship with the IFC. This is a key motivation for the PS. As the IFC invests in projects from private investors and governments, part of the basis of that investment is twofold: to receive a return on their investments and to make social and environmental investments. As described by the IFC, the “IFC will apply the Performance

Standards to projects it finances, consistent with the provisions in the accompanying IFC's Policy on Social and Environmental Sustainability" (IFC, 2006, p. i).

The IFC goals are to help ensure that its clients meet the social and environmental responsibilities as "socially and environmentally responsible businesses can enhance clients' competitive advantage and create value for all parties involved" (IFC, 2006, p. 2). It can also be assumed that the projects that the IFC finances meet financial assessments upon approval. In theory, the IFC clients mitigate the social and environmental challenges that are faced when financing projects in developing countries through the assessment process. As such, the PS is both economically and socially motivated. Although the characteristics are most aligned with the stakeholder position on CSR, the role that businesses play in the adoption of CSR activities is distinctively shareholder oriented in its actions and motivations.

As outlined in the concepts section in the stakeholder position, the combined goals of increasing profits and contributing to social good are the motivating factors behind the stakeholder position. One of the key motivations of the PS is to try to ensure "that the costs of economic development do not fall disproportionately on those who are poor or vulnerable, that the environment is not degraded in the process, and that natural resources are managed efficiently and sustainably" (IFC, 2006, p. 2). This characteristic that the PS shares with the stakeholder position aligns itself with the underlying concepts of social accountability and financial success, which are key characteristics of the stakeholder position on CSR.

There are two major actors for the PS. They include the IFC and their clients. Clients include private sector clients and governments. Communities play a secondary role in the PS but are described as being an important interest group. Communities also represent a public

stakeholder and the IFC and its client represent primary stakeholders. Moreover, the primary stakeholders are required only to consult with communities, not serve their interests. For that reason the role of IFC's clients is dominant and follows the shareholder position.

As it is written, the IFC relies on its clients to compile the risks and challenges of their projects, "the client will conduct a process of Social and Environmental Assessment that will consider in an integrated manner the potential social and environmental (including labour, health, and safety) risks and impacts of the project" (IFC, 2006, p. 1), and "when local communities may be affected by risks or adverse impacts from a project, the engagement process will include consultation with them" (IFC, 2006, p. 4). The degree and scope of community assessments are left to the client to interpret and as a result, there are no clear safeguards to protect the environment and society from a community standpoint as community engagement is not required in this processes. This supports the economic motivation behind IFC's CSR engagement as actions are undertaken to reduce or improve financial standings.

The PS also states that these assessments will "consider the role and capacity of third parties (such as local and national governments, contractors and suppliers), to the extent that they pose a risk to the project, recognizing that the client should address these risks and impacts commensurate to the client's control and influence over the third party actions" (IFC, 2006, p. 2). The language of the PS, by stating that the client "should address" risks, leaves room for varied interpretations and CSR actions by clients.

As described in the PS, the "IFC expects clients to manage the social and environmental risks and impacts of their projects" (IFC, 2006, p. 2). As a result, there is ambiguity in the role of other groups besides IFC clients, such as communities. Furthermore, it is argued here that in

terms of the role of IFC clients, the clients have the opportunity to put their interests before other interest groups.

The IFC plays a dominant role in the direction of CSR activities through the establishment of the parameters for client engagement with other groups. The IFC involves communities, NGOs and other international agencies through consultations, but their role as stated in the policy is unclear (Submission by Civil Society, 2010, p. 2). As such, clients may develop and enforce their own criteria that are favorable to their own outcomes for these types of assessments. Also, there are no clear guidelines in place that prevent clients from engaging in actions that go against environmental and social inconsistencies that may be raised. There is ambiguity around the unpredictability in the motivations behind IFC clients engaging in CSR. As the assessments that are required from clients are not subject to outside monitoring, there is no guarantee that community and environmental assessments are incorporated into CSR plans.

It is important to note that the process for community involvement differs if the communities involved are defined as indigenous people.¹ In these situations, the client will “enter into a good faith negotiation with the affected communities of Indigenous Peoples, and document their informed participation and the successful outcome of the negotiation” at every stage of the project conception to realization processes (IFC, 2006, p. 31).

The IFC states that it has an interest in helping society however, the nature of the role communities play in the client’s social and environmental assessments remains unclear. Also, the

¹ “Indigenous people are defined in the PS as follows: self-identification as members of a distinct indigenous cultural group and recognition of this identity by others; Collective attachment to geographically distinct habitats or ancestral territories in the project area and to the natural resources in these habitats and territories; Customary cultural, economic, social, or political institutions that are separate from those of the dominant society or culture; An indigenous language, often different from the official language of the country or region” (IFC, 2006, p. 31).

assessments that are required from IFC clients are not subject to verifications and it is unclear whether the impact of the community and environmental assessments are reflected in the end result. The IFC bases its decision to fund projects by assessing clients' commitment to the PS, and by doing so, the IFC hopes to "enhance the predictability, transparency and accountability of its actions and decision making, helps clients manage social and environmental risks and improve performance, and enhances positive development outcomes on the ground" (IFC, 2006, p. 9). Upon further investigations this remains unclear.

In September 2009, the IFC initiated a multi-phased consultation and engagement process where "key issues and challenges" of the PS were identified (IFC, 2009, p. 4). A submission to the IFC by over 90 civil society organizations identified key areas related to: environmental and social due diligence and oversight; accountability; development outcomes; human rights; biodiversity; climate change; financial intermediaries; and disclosure of information (Submission by Civil Society, 2010, p. 2). The Submission by Civil Society goes on to question the decision-making ability of the IFC, as clients may not be taking the necessary measures in addressing environmental and societal concerns that have been brought up in the assessment stage of project development. Similarly, the US Treasury Department has stated that they "strongly support greater transparency in IFC projects and tougher environmental and social standards that lead to better development results" (US Comments, 2010, p. 1).

These critiques allude to the vague nature of certain characteristics held by the PS. As outlined above, IFC clients hold more influence over CSR discussions even though they are required to work with their key stakeholders during the decision-making processes (IFC, 2006). Similarly, the variation in the PS lies in the dominant role that the clients play in the direction

that CSR takes which is reflected specifically in the uncertainty around community engagements that IFC clients are expected to follow.

The IFC desires to create more environmental and social safeguards in private sector investments. In order to achieve this, the PS was established to incorporate a set of mandatory standards that are applicable to IFC clients who request financial support for projects operating in developing countries. Upon further inspection of the PS, the definition of CSR, the social and economic motivations, the role of stakeholders and the goals of the PS all are aligned with the stakeholder position.

3.4 THE CANADIAN ADVANTAGE (CA)

Canada has a wide range of commitments relating to development with goals that include managing, “Canada's support and resources effectively and accountably to achieve meaningful, sustainable results” and engaging “in policy development in Canada and internationally, enabling Canada's effort to realize its development objectives” (CIDA, n. d - a). It is through Canada's International Development Assistance agency (CIDA) that Canada's international activities are organized and led.

The document, *Building the Canadian Advantage: A corporate social responsibility (CSR) strategy for the Canadian international extractive sector (CA)*, came out of a series of roundtable discussions “with industry, civil society and other stakeholders” and input from “leading Canadian companies and industry associations” (Government of Canada, 2009, p. 4). The motivation behind the CA is the desire to increase Canada's competitive position

internationally by developing guidelines for “Canadian companies to meet high standards of corporate social responsibility” (Government of Canada, 2009, p. 1).

“The Government of Canada’s CSR strategy for the Canadian extractive sector overseas applies to any Canadian mining, oil or gas company in its operations outside Canada” (Government of Canada, 2009, p. 4). The CA is motivated to increase Canadian corporations “competitive” advantage and these motivations set the stage for the CA’s shareholder position on CSR.

The agents of Canada’s CSR strategy are Canadian corporations. As the only group involved in CSR besides the Canadian government, Canadian corporations’ managers and shareholders are involved in the practice and application of CSR. This is aligned with the agents of CSR that are described in the shareholder position.

The role that Canadian corporations play in the adoption of the CA is a dominant one. While the CA states that “most Canadian companies are committed to the highest ethical, environmental and social standards”, it is also recognizes that there are “those [Canadian companies] that lack this commitment can cause harm to communities abroad and undermine the competitive position of other Canadian companies” (Government of Canada, 2009, p. 4). This statement is significant to unveiling Canada’s position on CSR as it clearly recognizes that some Canadian corporations cause social and environmental harm to the countries where they operate. While the CA was created to combat these challenges, it remains a voluntary initiative and essentially unenforceable. In addition, the opportunity for businesses to serve their own need is high as there is no binding enforcement of the CA principles.

The definition of CSR that the Canadian government supports states: “corporate social responsibility is defined as a company’s environmental, social and economic performance and the impacts of the company on its internal and external stakeholders” (Industry Canada, 2011). The language used, specifically relating to “a company’s environmental, social and economic performance” speaks to the dominant role the businesses plays in enacting CSR activities. The inclusion of the phrase “the impacts of the company on its internal and external stakeholders” however includes the reference to stakeholders that is reflected in stakeholder definitions. The CA exhibits many characteristics that are aligned with shareholder typology, namely, motivations, agents and concepts. This includes the dominant role companies play in the adoption on CSR actions. The stakeholder definition that Canada supports conceals the true nature of the Canadian position on CSR as the CA is clearly focused on being competitive and being business oriented.

As stated earlier in this section, one of the major goals and motivations of the CA is to “improve the competitive advantage of Canadian international extractive sector companies by enhancing their ability to manage social and environmental risks” (DFAIT, 2009, p. 4). However, the economic guidelines of how businesses are to remain both profitable and socially responsible are not mentioned in the CA. This motivation aligns the CA with the shareholder position on CSR because the position accepts narrow parameters for CSR. The CA’s statement “Canadian investment in the extractive sector can result in a win-win outcome both for the economy of Canada and those of resource-rich developing countries” (Government of Canada, 2009, p. 1) seems to be a false promise, as the CA does not have provisions that can ensure that this outcome can be achieved.

Although Canadian corporations hold “primary responsibility for CSR through meeting international standards, transparency, and compliance” (DFAIT, 2009, p. 10) within the CA, there are designated roles for the Canadian government as the Government’s “mandate is to provide advice to stakeholders on [the] implementation of standards” (DFAIT, 2009, p. 5).

As stipulated in the CA, the Canadian government will promote host country capacity building by supporting “initiatives to enhance the capacities of developing countries to manage the development of minerals and oil and gas and to benefit from these resources to reduce poverty” (DFAIT, 2009, p. 4). In the CA it is indicated that the government will promote the International Finance Corporations Performance Standards, Voluntary Principles on Security and Human Rights (VPSHR) and Global Reporting Initiative (GRI) with Canadian extractive companies operating abroad (Government of Canada, 2009). The Performance Standards, discussed in the earlier section, is a mandatory CSR initiative for IFC clients, the VPSHR “a set of voluntary principles to guide companies on maintaining the safety and security of their operations within an operating framework that ensures respect for human rights and fundamental freedoms” (VPSHR, 2011), and the GRI is “the world’s most widely used sustainability reporting framework” (GRI, 2011).

Another stated role of the Canadian government is the establishment of a resolution system, the CSR Centre of Excellence, to address complaints against Canadian companies working abroad, as well as supporting Canadian companies applies the CSR strategy. Upon further investigation, the Centre of Excellence has been seen to be in the early stages of development as of July 2011. The website does state however that “over the coming years, this site will become the hub of knowledge on CSR-related practices and positions as they apply to

the extractive sector” (Centre for Excellence in Corporate Social Responsibility, n. d). Similarly, a Resolution Centre is also in the developing stages, although there is no date offered on the website.

The objective of Resolution Centre is to “foster dialogue and create avenues for creative problem solving” where “individuals, groups or communities affected by Canadian mining, oil or gas projects and Canadian mining, oil or gas companies who believe they are the subject of unfounded allegations” can have their issues heard” (DFAIT, 2009, p. 10). As of July 2011, this Resolution Centre had not yet been established. “The mandate of the CSR Counsellor is to review the CSR practices of Canadian extractive sector companies operating outside Canada, and to advise stakeholders on the implementation of the endorsed performance guidelines” (Government of Canada, 2009).

As the Extractive Sector CSR Counselor’s duty is to “review CSR practices of Canadian extractive sector companies outside of Canada” and “advise stakeholders on the implementation of the performance guidelines” (DFAIT, 2009), its lack of progress reflects the lack of community input in the CA. Also, observations on the process question the methods of making complaints as they are not formalized or easily accessed. Although the shareholder position designates CSR as the responsibility of the governments, in this instance, the government has not fulfilled its role. The lack of advancement in the development of the Centre of Excellence highlights the lack of concern for having a mechanism established that would effectively manage complaints against Canadian corporations.

It has been argued that the CA supports CSR actions that increase profits that improve Canada’s competitive advantage in the extractive industries. This is reflected in the motivation

behind the CA, the agents of the CA, the role of the businesses, goals and motivations and the underlying concept behind the CA's strategy. While the inclusion of the Canadian government in CSR responsibilities broadens the scope of Canada's CSR agenda, the role that the government plays is aligned with the shareholder position in that governments are seen as agents of CSR activity. However, the lack of progress in establishing mechanisms to enforce standards and resource disputes renders the government's role as ineffective in its current state, which supports the overall CSR position of the Canadian federal government as shareholder.

Disappointingly, there has not been any substantial research about the CA. In terms of the discussion and analysis of the CA in CSR literature, this thesis provides the only analysis of GC, PS and the CA. Also, general research and information regarding the CA and its effectiveness and impact have not yet been conducted. This could be due to the relatively newness of the CA document. The lack of information on the CA increases the value that this thesis has on the discussion of the CA and the position that Canada takes to CSR.

3.5 DISCUSSION

Chapter 3 continued the analysis on the three positions on CSR and addressed the understanding of international standards of CSR and its impacts. Using the documents from three sources, their three positions on CSR were presented.

This chapter provided an important analysis on the different positions on CSR that are offered by the UN and the IFC. These strategies are committed to protecting the environment and promoting sustainable societies. Each of these agencies has a specific point of view on the meaning of development and how development is integrated into their organizations, which have

implications on the types of CSR strategies, and initiatives that are in use by each agency. The interpretation of development by the UN and the IFC have direct implications on the ability for these CSR documents to address the development and poverty challenges that are described in Chapter 1 of this thesis.

The UN takes a broad stance on their view of development as “one of the main aims of the United Nations has been to support and protect the disadvantaged, the weak and the vulnerable” (United Nations, 2007, p. 4). This is not an individual effort but a collective effort of a variety of members of the international community. The language of the Charter of the United Nations speaks to this collective effort of social agents who are expected to “promote social progress and better standards of life in larger freedom” and to “employ international machinery for the promotion of the economic and social advancement of all peoples” (as cited in United Nations, 2007, p. 11). There are also key areas that the UN has committed support. These areas include:

- to save succeeding generations from the scourge of war;
- to reaffirm faith in fundamental human rights;
- to establish conditions under which justice and respect for the obligations arising from treaties and other sources of international law can be maintained; and
- to promote social progress and better standards of life in larger freedom, and they resolve furthermore ‘to combine our efforts to accomplish these aims’ (as cited in United Nations, 2007, p. 91).

As listed above, these key areas are broad and they speak to the fundamental rights and needs of all peoples. When looking the UN and its development goals, the Millennium Development Goals (MDGs) serves the UN commitment to “meet the needs of the worlds poorest” (United Nations, 2007, p. 4). Described further,

This comprehensive set of development goals, of which the MDGs are an integral part, has come to be called the United Nations Development Agenda. It serves as the

internationally shared framework for development—for action at the global, regional, and country levels. The Agenda encompasses inter-linked issues ranging from poverty reduction, gender equality, social integration, health, population, employment and education to human rights, the environment, sustainable development, finance and governance. It includes as well systemic issues, such as the differential impact of globalization, inequalities among and within countries, and greater participation of developing countries in global economic governance. And it also addresses the question of inter-linkages between development and conflict (United Nations, 2007, p. 4).

The UN's position on development is reinforced by these goals and acts as a guideline of priorities of the GC. The GC is also based on a collective effort with goals of creating benefits for society as a whole. These benefits include human rights, labour, environment and anti-corruption (UNGC, 2011). Through the GC, the UN has developed a tool that supports the societal position on CSR, as there are a variety of social actors involved in working towards social and environmental goals on a global scale.

The IFC view on development is linked to the World Bank's mission "to fight poverty with passion and professionalism for lasting results. To help people help themselves and their environment by providing resources, sharing knowledge, building capacity, and forging partnerships in the public and private sectors" (World Bank, n. d). The IFC also comments that their vision is one where "people should have the opportunity to escape poverty and improve their lives" (IFC, n .d. - b). As the IFC represents the WB's private sector financial interactions, the IFC's position on development reflects their "expected impact on sustainable development" in the finance sector (IFC, n .d. - b) as "development impact and financial sustainability drive IFC's strategy" (IFC, n .d. - b). "IFC's purpose is to create opportunity for people to escape poverty and improve their lives by:

- Promoting open and competitive markets in developing countries
- Supporting companies and other private sector partners where there is a gap

- Helping generate productive jobs and deliver essential services to the underserved
- Catalyzing and mobilizing other sources of finance for private enterprise development” (IFC, n.d. - b).”

The PS complements the IFC’s position on development. As an initiative that has mandatory compliance for IFC clients who request funding to work in developing countries, accountability and a more consistent position on dealing with development challenges are needed.

The UN and WB each have their own interpretation on the meaning of development. The UN has a broad view of development with a current focus on dealing with some of the development challenges that are highlighted in the MDGs. Alternately, the IFC focuses on the development issues that relate to the finance sector. These differences are also reflected in the CSR related documents that have been analyzed in this chapter.

The GC is based on a broad set of principles that have had wide acceptance internationally and its voluntary position has aided in its positive reception. The PS is founded on the OECD Guidelines and as a result it also shares international recognition. As these two documents represent the CSR documents of two key international organizations, understanding their positions on CSR is useful.

While the GC is a broad social initiative with different social agents involved in the CSR process, the PS is specific to IFC clients and has a narrower scope. Similarly, their definitions of CSR differ in scope as well. The GC includes improvements for society while the IFC includes increased benefits for their stakeholders. Being a global initiative, in the GC, businesses have set principles that they can incorporate into their business practices. The PS does not have a clear set of principles and they designate a lot of their assessments to their clients to facilitate, as the PS is

a set of standards for IFC clients. This variation between the two documents can be attributed to their different motivations that this chapter has distinguished using the typology; specifically the GC maintains a societal position on CSR while the PS follows a stakeholder position.

In terms of the ability for these documents to help agencies address the development challenges that are present in resource-rich developing countries, GC is of more assistance as it is aligned with the societal position on CSR. There are limitations however, as the GC is still voluntary and external audits have not been incorporated. In the discussion of the societal position in the typology section of Chapter 2, the social position was described as the ideal position to address these development challenges. As the societal position is best equipped to meet the development needs in resource-rich developing countries, the GC represents the ideal document as it is aligned with the societal position on CSR. The PS would also be able to address some of these development challenges as well however, this would depend on the ability of CSR actions to reflect the needs of important societal stakeholders, such as communities and this area has limitations that were uncovered in this analysis. Although the Canadian government supports both of these international CSR documents and these documents provide important international standards and principles for CSR, these standards will need the support from businesses that are socially and environmentally motivated to engage in CSR to really make a difference.

Based on this analysis, the position on CSR that Canada is aligned with does not represent the ideal position to deal with the development challenges of resource-rich developing countries. While the GC takes a societal position on CSR and the PS maintains a stakeholder position, the CA is distinctively shareholder oriented as this analysis has revealed that the

interest groups, agents of CSR, role of the business, CSR goals and motivations and concepts are all in line with the shareholder position.

Although the definition of CSR that is offered by the Canadian government is characteristic of stakeholder definitions, the reference to external and internal stakeholder interest being included in CSR actions is not supported in the CA. The concepts around increasing the competitive ability of Canadian corporations that are found in the CA clearly allude to a CSR strategy that has an underlying goal of achieving economic gains and not social or environmental gains.

As 2012 marks the Rio+20 conference, continued discussions around development, the environment and the role of the international community will hopefully be able to address some of the challenges to hinder effective CSR agendas. Seeing as Chapter 4 will provide further analysis on specific Canadian corporations, it can be assumed that the shareholder characteristics of the Canadian position on CSR will remain constant. Table 4 provides a summary of these documents place in the typology for the three positions on CSR.

Table 5 Summary of International and Canadian Corporate Social Responsibility Positions

	Global Compact	Performance Standards	Canadian Advantage
Interest Group	Societal	Stakeholder	Shareholder
The role of Businesses	Societal	<i>Shareholder</i>	Shareholder
Agents of CSR	Societal	Stakeholder	Shareholder
Goals and Motivations	Societal	Stakeholder	Shareholder
Concepts	Societal	Stakeholder	Shareholder
Definitions of CSR	Societal	Stakeholder	<i>Stakeholder</i>

CHAPTER 4: CANADIAN CORPORATIONS' CORPORATE SOCIAL RESPONSIBILITY POSITIONS

4.1 INTRODUCTION

In the previous chapter, the Canadian federal government's position on corporate social responsibility (CSR) was identified as the shareholder position. It was also revealed that the Canada's position on CSR specifically encourages and supports the competitive actions of Canadian corporations. To further establish this Canadian perspective, this chapter assesses whether the CSR positions of Canadian corporations in the resource extraction sector are aligned with this position.

The actions of Canadian corporations involved in the resource sector are at times controversial. Recently information was released outlining the Canadian International Development Agency's (CIDA's) financial support of CSR activities of select Canadian multinational extractive corporations (Brown, 2012). The use of Canadian federal bilateral aid funds to develop corporations' CSR portfolios has opened up dialogue around the legitimacy of CIDA's community engagement. Without understanding the position on CSR that Canadian corporations adhere to, it is difficult to pinpoint the implications of CIDA's partnerships with these corporations and how that will affect CIDA's international engagement.

Golden Star Resources (GSR) and Barrick Gold Corporation (Barrick) represent the two Canadian multinational corporations that will be used to draw out further insights into Canada's position on CSR. This will be achieved first by critically evaluating each corporation's CSR documents and second using secondary literature to analyze the corporations' practices and impacts of CSR on the communities in which they operate.

Eighty percent of Canada's bilateral aid is allocated between twenty developing countries (CIDA, n. d - a). Combined with the presence of large mineral deposits, Ghana and Tanzania represent two countries included in this list, which supported their inclusion in this analysis. While other methods other than the typology may have also been utilized to garner insights into the corporations' CSR positions, the typology is a useful tool in assessing the key characteristics of CSR positions. It should also be noted that the lack of literature in this area presented a challenge in generating this perspective of Canadian corporations. Although it is hoped that continued research such as this increases the literature on the topic.

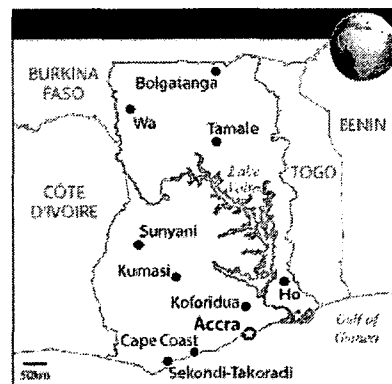
Figure 4 Maps of Ghana and Tanzania

Map of Ghana

Population: 24,965.8 million

Capital: Accra

Source: UNDP, 2011

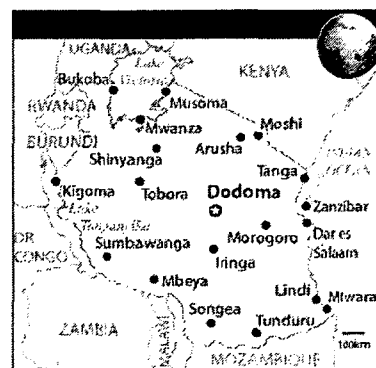


Map of Tanzania

Population: 46,218.5 million

Capital: Dodoma

Source: UNDP, 2011



4.2 OVERVIEW OF THE DEVELOPMENT SITUATION IN GHANA AND TANZANIA

In order to understand the implications of resource extraction in these two countries, an understanding of the development situation in Ghana and Tanzania is warranted. The following table highlights some of the key development indicators for both Ghana and Tanzania.²

Table 6 Summary of Human Development Indicators for Tanzania and Ghana

Indicators	2000 (Tanzania)	2011	2000 (Ghana)	2011
Human Development Indicator Value	0.364	0.466	0.497	0.541
Life Expectancy at Birth (in years)	50.4	58.2	58.4	64.2
Under 5 Mortality Rate (per 1,000 live births)	139	108	106	69
Expected years of schooling (under 7 in years)	5.4	9.1	7.8	10.5
Adult Literacy Rate (15 years and above)	X	72.9% (2009)	57.9%	66.6% (2009)
Gini Coefficient	37.6 (2007)	X	42.8 (2006)	X
GNI per capita in PPP (constant 2005 international dollars)	839	1,328	1,009	1,584
Population living below \$1.25 PPP per day	88.5%	X	30.0% (2006)	X

Source: UNDP, 2011

X: Data Unavailable

In addition to the values and percentages presented in the above table, Ghana also has high rates of poverty. In rural areas, over 80% of the population lives below the poverty line of \$1.25 a day. This can be contrasted with the urban areas in Ghana, which report 10% of the

² The Human Development Index was developed in 1990 by Mahbub ul Haq and has been used by the United Nations Development Programme (UNDP) since 1993. The HDI has been described as “a standard means of measuring well-being” for both social and economic development. The index measures various aspects of standards of living including measuring standards of living, life expectancy, and school enrollment (UNDP, 2011).

population living in poverty (World Bank, 2009). As GSR's mining operations are primarily in rural areas, this is a vulnerable population and is sensitive to mining activities.

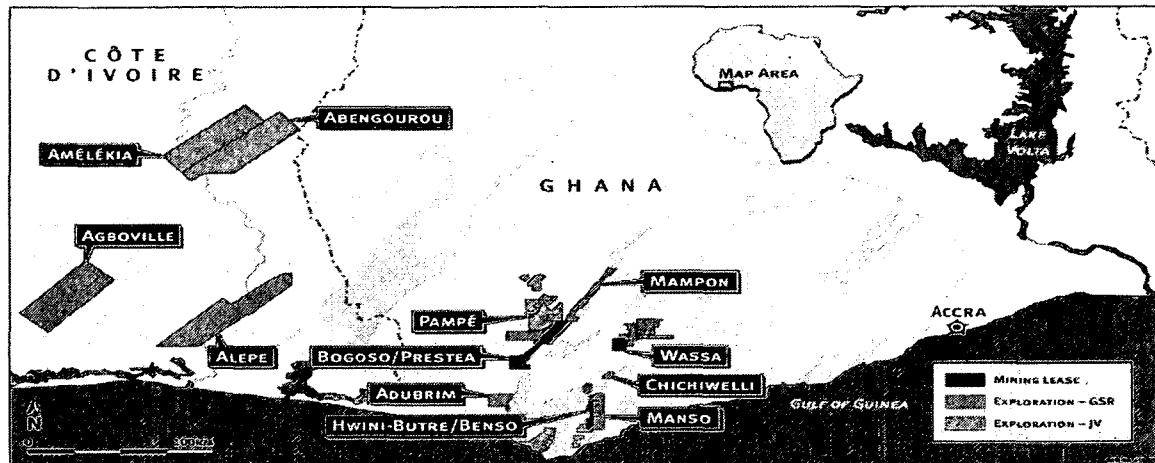
Tanzania also experiences development challenges. In addition to high rates of poverty, high maternal mortality rates are prevalent in the region. Tanzania possesses one of the highest maternal mortality ratios at 920 deaths per 100,000 live births (World Bank, 2011). As the costs for delivering basic health services has increased, maternal deaths have remained almost unchanged in Tanzania since 2000 (World Bank, 2010). Further investigation on the corporate presence in resource-rich developing countries and the impact of CSR is a necessary step in understanding these development issues. This chapter presents a critical evaluation of GSR and Barrick CSR position and ends with a discussion of Canadian corporations operating in developing countries.

4.3 GOLDEN STAR RESOURCES LTD. (GSR)

The following analysis of Golden Star Resources (GSR) is conducted at two levels, namely, a critical evaluation of CSR documents, followed by an analysis of the impacts of GSR's actions on employment, infrastructure, environment, resettlement and health.

Golden Star Resources is a gold company and has been operating in Ghana since late 2005. The map below outlines the areas of GSR's operations, which include Bogoso, Presta and Wassa.

Figure 5 Location of Golden Star Resources Operations



Source: GSR, n. d

As described by GSR,

Golden Star Resources Ltd. (GSR) operates four mines and two processing plants in Ghana, West Africa. Through a subsidiary Golden Star (Bogoso/Prestea) Ltd. (GSBPL), GSR owns and operates the Bogoso/Prestea gold mining and processing operation (Bogoso/Prestea) located near the town of Bogoso, Ghana. Through a subsidiary, Golden Star (Wassa) Ltd. (GSWL), GSR also owns and operates the Wassa gold mine (Wassa), located approximately 35 km east of Bogoso/Prestea. Wassa mines ore from pits near the Wassa plant and also processes ore mined at our Hwini-Butre and Benso (HBB) mines located south of Wassa (GSR, 2011, p. 1).

Golden Star Resources has been producing public CSR reports since 2005, with their last report completed in 2011. These reports will be used in this analysis and summarize GSR's social, environmental and economic contributions. Although these documents enable one to draw out GSR's position on CSR, an additional perspective has been generated from documents and sources from the communities that are located in GSR mining areas.

4.3.1 ANALYSIS OF CORPORATE SOCIAL RESPONSIBILITY DOCUMENTS

This analysis of Golden Star Resources position on CSR is focused on a critical review of GSR's own statements. Based on what has been presented, the evidence highlights the key components of GSR's shareholder position on CSR.

As described by GSR, their investors' interests are one of the primary concerns for GSR's actions. Golden Star Resources goes on to state that the "vision" and "values" that the company strives to achieve include a company that "delivers superior returns to investors; attracts and retains the best talent; is committed to international best practices and conduct; and is a partner of choice for host communities and governments" (GSR, 2010, p. 2). Generating profits is an important motivation for GSR, which they hope to achieve by recruiting "the best talent" (GSR, 2010, p. 2).

As reflected in GSR business goals, delivering "superior returns to investors" is highlighted in their CSR report for 2010 (GSR, 2010, p. 2). With GSR prioritizing their economic goals; concern for their shareholders financial returns is the primary motivation behind GSR's activities.

Golden Star Resources pursues an economic delivery on returns through their business practices. As described in the shareholder position, the economic component represents the essential category of CSR behavior. The economic foundation is established as GSR is committed to profitability and maintaining a strong competitive position.

A second concept of the shareholder position includes the legalities that businesses are expected to perform. Golden Star Resources states in their 2010 CSR report that they "publicly

reported the payments we made to the Government of Ghana including: royalties, fees, permit, licenses, SSNIT, VAT, pay as you earn taxes (PAYE), import duties, withholding tax and the stabilization levy” as part of their efforts to have transparency in their mining operations (GSR, 2010, p. 27).

The typology informs us that the legal category is flexible in practice. This is largely due to the shifting of legal practices in different regions and the shifting of motivations as businesses overall direction changes. In the case of GSR, the inclusion of seemingly transparent financial contributions in their CSR reporting is unverified, as these claims have not been screened by external audits. Consequently, it is challenging to authenticate the accuracy of the legal situation for GSR’s activities in Ghana. It is argued here that GSR’s legal actions are aligned with the overall stance that GSR takes with their CSR, the shareholder position.

The discretionary category drives the major concept behind the shareholder position and contains voluntary actions that businesses engage in that help society. To this end, GSR established the Development Foundation, which funnels all of GSR’s community driven projects in Ghana. Golden Star Resources commented that their “community assistance program is unique”... “as it is driven by the communities through Community Mine Consultative Committees (CMCCs) that cover [their] broad stakeholder community areas” (GSR, 2008, p. 6).

In reference to the Development Foundation, GSR commented in their 2008 CSR report that their “community economic development projects received almost US\$600k in 2008, half of which was channeled to our oil palm project, which ... won the Nedbank Capital Green Mining Award (Limited Resources Category)” (GSR, 2008, p. 1). Golden Star Resources maintains that

they have “a positive effect on our stakeholder communities” (GSR, 2010, p. 3). This assertion is disputed by evidence reviewed in the next section of GSR’s analysis.

Golden Star Resources goes further and states: “local employment contributes to regional prosperity and pride. In 2010, over 35% of our employees were from within our operations’ stakeholder communities and about 51% come from within the Western Region of Ghana where our operations are located” (GSR, 2010, p. 3).

Other discretionary actions include pollution prevention, environmental training and awareness, implementing a waste management plan, concurrent rehabilitation of mined out pits, and ensuring compliance with regulatory standard for the Wassa mine (GSR, 2008). Golden Star Resources also asserts in their documents that efficient tailings disposal facilities and water management facilities are important year round issues (GSR, 2008). Ethical responsibilities for GSR include protecting the environment. As there are no laws, only guidelines, to shape environmental responsibilities, GSR maintains total control over their actions.

Golden Star Resources maintains that they are “committed to meeting or surpassing regulatory requirements in all of its exploration, development, mining and closure activities while safeguarding the local environment for our stakeholder communities and future generations” (GSR, 2011, p. 1). This includes processes where GSR “consult our stakeholder communities and regulators to provide us with input to our environmental management policies and procedures” and “regularly prepare, review and update site specific environmental management and closure and rehabilitation plans and include inputs from our stakeholder communities and regulators” (GSR, 2011, p. 1).

While GSR is primarily shareholder oriented in their CSR actions, the inclusion of community stakeholders is notable. With GSR operations exclusively based in Ghana, GSR specifically comments that their “ongoing success in Ghana depends on our continuing efforts to build good relations with our local stakeholder communities, and by incorporating broader stakeholder comments and addressing their concerns in our developing projects and ongoing operations” (GSR, 2010, p. 1).

Additionally, when remarking on the direction of environmental efforts for 2009, GSR states that they will “take a proactive approach to environmental management for new projects and educate our workforce so that they understand their responsibilities” (GSR, 2008, p. 9). Similarly, GSR’s CSR Report for 2010 makes reference to communities and governments as GSR’s “partners of choice” (GSR, 2010, p. 1).

The publicly stated position presented throughout GSR’s documents presents a CSR position that is largely aligned with the shareholder position on CSR. Evidence from newspaper reports, articles and comments from GSR affected communities confirms the shareholder characteristics found in GSR’s documents and also provides insights into the impacts of GSR’s actions.

4.3.2 ANALYSIS OF IMPACTS

Golden Star Resource’s discretionary actions and their efforts to “build good relations” with their community stakeholders have not been well received in many communities. The

impacts of GSR's CSR related activities, including community services, the environment, and resettlement of communities, are discussed in this section.

As described in the previous section, GSR states that they have invested in Ghanaian communities with monies collected by their Development Fund. In a report by Dashwood and Puplampu (2010), community members located in close proximity to two of GSR's mines were interviewed and a report of the findings was generated. The findings of that study reported that communities acknowledged that GSR had "expanded the local economy, and improved access to goods and services, including mobile telephony and electricity" and had also built a "library, clinic, football field, community centre... and a school" (p. 44).

However, the efforts that GSR engages in, as depicted by the community, are focused on services that impact GSR operations. The investments that GSR provided to develop infrastructural services in Ghana, such as electricity, directly impact the functionality of GSR's mines. It can be argued that GSR is motivated by their operational needs and not community needs.

This point can also be seen in GSR's investments in other social services. For example, it was noted that "GSR built a local police station at Akyempim and renovated the one at Prestea as part of a development agreement" (Dashwood & Puplampu, 2010, p. 44), however it was also argued by community members that the investment in the police station had more to do with GSR's personal security measures as opposed to investment in the security of community members (Dashwood & Puplampu, 2010).

One of the characteristics of the shareholder position is engaging in CSR when it benefits the company. Golden Star Resources' investment in social services that are of direct benefit to

their operations is an example of this. While infrastructural impacts have cross cutting benefits for both GSR and the Ghanaian communities, GSR's actions are not always aligned with communities needs. The GSR's impact on the environment provides an example of this.

There have been a number of environmental concerns that have been brought against GSR's operations that support the shareholder position on CSR. Although GSR outlined their intentions to protect the environment in their CSR reports, GSR has been accused of polluting and destroying bodies of water due to the construction of pits that are used to contain mining related contaminated water (GNA, 2010; MiningWatch, 2004). The affected streams include: the Akyesua, Nana Nyabua, Worawura and Abogyese streams, which have reportedly dried up due to GSR's activities (GNA, 2010). The destruction of the streams stems from an incident in 2004 where cyanide contaminated the water source of the Dumasi community.

There were reports that "residents of Dumase and other villages found dead fishes, crabs, shrimps and other life forms floating on the river in the morning of 23rd October 2004. Some of the community people had harvested the dead fishes and eaten them before they had information about the spillage" (MiningWatch Canada, 2004). This was not an isolated incident as on June 16, 2006, there was another cyanide contamination in the same community. The spill "poisoned sources of drinking water and endangered lives and livelihoods" in the affected communities (Owusu-Koranteng, 2006, p. 1).

In addition, "at Prestea, located beside the Plant North Project, GSRs operations reportedly destroyed a stream which deprived thousands of drinking water, including the Prestea government hospital. One often repeated claim is that a little girl was thrown from her bed as a result of the blasting, suffering permanent brain damage" (Dashwood & Puplampu, 2010, p. 29).

The Wassa Association of Communities Affected by Mining (WACOM) noted that the “affected community’s demands for compensation in the previous and recent spills have also not been addressed; losses including food and water sources as well as cultural and commercial uses of the river still persist” (Owusu-Koranteng, 2006, p. 3). "It's one of these things that's shocking but not surprising because it keeps happening", MiningWatch’s business coordinator reported in reference to GSR’s contamination spills (Lazare, 2006).

In order to understand the impacts of cyanide contamination on the environment in Ghana, the following excerpt provides an example of how the cyanide contaminations impacted the community.

Gold mining in Western Ghana typically entails the carbon-in-leach and / or heap-leach processes using cyanide. Occasionally, tailings spills have contributed to the pollution of surface water in rivers and groundwater, causing fish kills, which are food source for local people (Dashwood & Puplampu, 2010, p. 21).

Clearly, there are significant health implications associated with these environmental concerns. In addition, “while the mining industry and BGL (Bogoso Gold Ltd is a GSR Subsidiary) for that matter vehemently maintains that cyanide breaks down quickly, it is widely acknowledged that little is understood about the health risks posed by the break down products which persist in the environment for longer periods” and its potential to lead to “long term” and “irreversible damage” (Owusu-Koranteng, 2006, p. 2).

There also were other significant negative contributions from GSR that community members highlighted. These areas include “polluted water bodies, loss of farm lands, a ban on illegal small scale mining, teenage pregnancy (relatively affluent mine workers who take advantage of local girls) respiratory diseases, overused roads, problems with local

accommodation due to higher rents, open pits or trenches that collect water, deforestation and cracks in buildings as a result of blasting are the main direct negative effects noted by respondents” (Dashwood & Puplampu, 2010, p. 44). The combination of environmental degradation and negative health impacts stresses the importance of these issues.

Interestingly, the GSR has recognized one of the above mentioned cyanide contamination incidents (2006) where a community water source was contaminated by the washing of an oil drill rig close to the water source (GSR, 2008). Golden Star Resources commented that they provided water to the affected community while the well was restored and was returned back to functionality (GSR, 2008). The Wassa Association of Communities Affected by Mining (WACOM) however notes in their documentation of the events that “it should be pointed out that water deliveries to the affected communities by water tankers provided by the company are woefully inadequate and is nowhere near enough for drinking let alone cooking or washing” (Owusu-Koranteng, 2006, p. 2).

The community perspectives provide key insights into the nature of GSR’s CSR position. While GSR may in fact engage in social and environmental actions that support community members through their Development Foundation, their actions are overshadowed by the environmental and social hardships that GSR’s mining activity has produced.

The shareholder characteristics that are present in GSR’s CSR reports are strengthened when combined with the community perspectives. The economic motivation that drives GSR’s CSR agenda is clearly described in their CSR reports and is supported by the community investments in which GSR chooses to invest. Although there is usage of the term ‘community stakeholders’ in GSR’s CSR documents, based on the community perspectives, there is a lack of

an established functional collaboration system with Ghanaian communities, only the language of collaborations included in their CSR reports. It also becomes challenging to qualify the commitment of GSR to the environment, as the motivation behind that commitment is questionable. It could be argued that GSR's CSR strategy is more reactive than preventative as the measures that have been utilized by GSR are often carried out as a result of negative public reaction as reflected in the cyanide contamination incidences.

Golden Star Resources' actions have both social and environmental impacts as mining operations have a direct impact on the livelihoods and well being of the affected communities. The resettlement of communities based on GSR's mining operations represents the essence of the impact that resource extraction can have on communities, cultures and on the environment.

The Dumasi region is a community that GSR is hoping to resettle in order to gain further access to the mine they operate in that community. However, the Dumasi community represents a community that was affected from water contamination through cyanide contamination and this has impacted some of the community members' willingness to agree to a resettlement agreement with GSR (Dashwood & Puplampu, 2010).

Along with the water contamination, GSR's mining operations have further impacted the health of the people in Dumasi as, "exposure to particulate matter and dust is another environmental (and health) concern, as the fine dust is breathed into lungs and settles on crops, affecting their productivity" (Dashwood & Puplampu, 2010, p. 33). As a result, the community and GSR have not reached a resettlement agreement and access to the mine remains limited.

A similar scenario can also be seen in the Anikoko community where GSR has been engaging in resettlement dialogue since 2007. The community is located in close proximity to

the GSR's tailing disposal facility (Dashwood & Puplampu, 2010). According to GSR's 2010 CSR Report, despite their "reaching an agreement with the Anikoko community in 2009" and the completion "of housing and facilities in accordance with the Anikoko housing project agreement that was signed by the Anikoko community, and the regulatory authorities," "a group of community members declined to accept their houses" (GSR, 2008, p. 23). Consequently, GSR is still waiting to hear back from a third party that was hired to take over the negotiation process (GSR, 2011).

Again, GSR's CSR actions display an overall concept where the economic needs of the company create the foundations for all other actions. More specifically, expanding mines to further exploit the land resources is a necessary factor in increasing GSR's profits. After which, legal and ethical responsibilities come into play as GSR negotiates resettlement packages where they try to deal with any legal ramifications of the impact of their mining operations on communities as well as any ethical considerations by developing community projects. These actions exhibit behaviors that are motivated to increase profits rather than being motivated to help society and the environment. As with the discussion on GSR, the discussion on Barrick offers another perspective of a Canadian corporation working in developing countries.

4.4 BARRICK GOLD CORPORATION

Barrick Gold Corporation is a Canadian multinational gold mining corporation that has been operating in Tanzania since 1999. With over 4 operating sites in Tanzania, Barrick's mining activities affect thousands of local community members and the environment that they live in. As of 2010, African Barrick Gold is the name of Barrick's mining operations in Tanzania.

Following the analysis of GSR, the analysis of Barrick Gold Corporation is achieved by using the evidence generated from official public documentation from Barrick, followed by an analysis of the following impacts related to police enforcement, environment and health.

As described on Barrick's website, "African Barrick Gold has four producing gold mines in northwest Tanzania — North Mara, Bulyanhulu, Tulawaka and Buzwagi — in addition to a suite of exploration properties" and "is Tanzania's largest gold producer and one of the five largest gold producers in Africa" (African Barrick Gold, n. d).

Figure 6 Barrick's North Mara Mine, Tanzania



Tanzania Gold, n. d

Barrick's publicly available documents present a CSR position that is aligned with the societal position on CSR. Through the evaluation of the impacts of Barrick's CSR position, contrary to the public presentation, Barrick's shareholder characteristics come forth. The following two sections present these findings.

4.4.1 ANALYSIS OF CORPORATE SOCIAL RESPONSIBILITY DOCUMENTS

Barrick supports a definition of CSR that aligns with the societal position. In their Corporate Social Responsibility Charter, Barrick defines CSR by adhering to the definition of CSR that is offered by the World Bank. The definition states that,

Corporate Social Responsibility is the commitment of business to contribute to sustainable economic development – working with employees, their families, the local community and society at large to improve the quality of life, in ways that are both good for business and good for development (Barrick, n. d - a, p. 1).

As described by the definition, Barrick supports sustainable economic development in ways that are good for their stakeholders, society and for Barrick itself. Barrick situates their position on CSR in their documents as one that works to ensure that benefits are felt for all groups in society. Consequently, the next point of Barrick's CSR position is the interest groups involved in Barrick's CSR agenda. Barrick's commitment to respect "the interests of all members of the communities in which [we] conduct business" is well versed in their CSR reports (Barrick Gold Corporation, 2011 b, p. 2).

The interest groups that are involved in Barrick's CSR process include a variety of social actors. Groups include: local governments, non-governmental organizations, donor agencies and multi-stakeholder groups (Barrick Gold Corporation, 2010). Specifically, the stakeholders that are involved in Barrick's CSR processes include relationships "with local governments, non-governmental organizations, donor agencies and multi-stakeholder groups to ensure that we fully address the wide range of issues we face, both as a company and within the mining sector" (Barrick Gold Corporation, 2010, p. 2). These actors have differing roles in the development and

implementation of Barrick's CSR agenda. The inclusion of these actions supports the societal position's inclusion of a wide variety of social agents involved in the CSR process.

Specific actions to achieve this include: "interaction with local residents, governments, non-governmental organizations, international agencies and other interested groups to facilitate long-term and beneficial resource development" (Barrick Gold Corporation, 2011 - b, p. 2). This is done through "community dialogue" and by way of participation in "local village meetings, open houses, site tours, community newsletters, town-hall meetings, both formal and informal question and answer sessions, and one-on-one discussions" taking place at all stages of the mining project (Barrick Gold Corporation, 2010 p. 2).

Barrick's approach to their social engagement is described as being motivated by the notion that

Operating in a socially responsible manner provides benefits to both our operations and the communities that surround them. It is often through sustainable programs and initiatives, developed with our community partners, that future prosperity is sustained beyond the life of the mine (Barrick Gold Corporation, 2010, p. 2).

Barrick also emphasizes their commitment "to making a positive difference in the communities in which [they] live and work" as they create "opportunities to generate greater value for [their] shareholders, while at the same time fostering sustainable development in the communities and countries where [they] operate" (Barrick Gold Corporation, 2011, - b, p.1).

In Barrick's Charter, they also state that they "give priority to building partnerships in entrepreneurial endeavors that contribute to enhancing local capacity and we also commit to providing financial support of organizations through our charitable donations, budgets and

policies” (Barrick Gold Corporation, 2011 - b, p. 2). This is done by “strengthening the local economies” through actions that “are tailored to local needs,” which according to Barrick may “include apprenticeship programs, training and education opportunities, scholarships for community members, as well as support for the development of local suppliers and other non-mining-related community initiatives” (Barrick Gold Corporation, 2010, p. 2). Barrick has described their priorities as being centered on their various interests, which “guide Barrick in its conduct of business around the world,” (Barrick Gold Corporation, 2011 - b, p. 1).

With Barrick’s presenting a societal presentation of their CSR position thus far, reasonably it should follow that “protecting the environment, sharing the benefits of mining with the local communities and host countries where we operate, and providing a safe and healthy workplace for our employees” are goals that are outlined in Barrick’s CSR report (Barrick Gold Corporation, 2010, p. 2).

Barrick states that they will “protect, reclaim and enhance the environment on the sites” in which they operate (Barrick Gold Corporation, 2011 - b, p. 2) and that their goals are to “minimize [our] footprint and safeguard the environment, both now and for future generations” (Barrick Gold Corporation, 2010, p. 4). Through their “comprehensive environmental management programs” (Barrick Gold Corporation, 2011- b, p. 2), Barrick recognizes that “that there may be significant impacts to the existing natural environment, both temporary and long-lasting, due to the presence of our mining operations” (Barrick Gold Corporation, 2010, p. 4).

In 2009, Barrick adopted “a global climate change standard which is being applied at all operations” and “all operations have conducted energy self-assessments and have identified areas for improvement in energy consumption” (Barrick Gold Corporation, 2010, p. 4). Specific

actions that Barrick engages in include having “established water conservation criteria and regular management review procedures” through Barrick’s Water Conservation Standard (Barrick Gold Corporation, 2010, p. 4).

Acknowledging that their operations impact the environment, Barrick also states that they “are committed to ensuring that environmental effects are being adequately addressed; controls are in place to ensure compliance with corporate environmental policies and obligations; environmental management activities are supported by adequate resources and financial provisions, and that plans are in place to ensure that the environment is protected for future generations and that the sustainability of nearby communities is safeguarded” (Barrick Gold Corporation, 2011 - b, p. 2).

The portrayal of CSR in Barrick documents demonstrates the societal position on CSR. Namely, specific characteristics can be seen in Barrick’s CSR related documents support of a societal definition of CSR which is represented by a UN definition of CSR, the inclusion of multifaceted interest groups involved in their CSR activities, and having set priorities that improve society. However, Barrick’s CSR strategy in practice offers a contrary position as the evidence supports the shareholder position.

As described in Barrick’s CSR report for 2009, “the public expectation of how companies should conduct themselves continues to rise, the key to our financial success is increasingly dependent on our commitment to social responsibility” (Barrick Gold Corporation, 2010, p. 2). As Barrick explains their commitment to CSR, they also provide evidence on the motivation behind their adoption of their CSR approach. The impacts of Barrick’s CSR agenda are discussed below.

4.4.2 ANALYSIS OF IMPACTS

Barrick comments throughout their CSR documentation that they are committed to improving the lives of the people in communities that are in close proximity to their mining operations. Communities were referenced as an important interest group. Based on the following analysis, it is argued that Barrick has not been supporting or facilitating mutually beneficial relationships with communities as their CSR documents describe. The impacts of violence, (from security and police personnel), environmental and health impacts are the focus of this section.

Newenham-Kahindi (2011) conducted a qualitative analysis of the impacts on communities affected by Barrick's operations. His report explores some of the tensions behind Barrick's operations in the communities surrounding the Lake Victoria Zone where Barrick operates. As described by Newenham-Kahindi, community members affected by Barrick's mining operations question Barrick's commitment to the social engagement that they outline in their CSR documents.

For example, a locally based mining institution was established by Barrick in 2008 in the Kilimanjaro Region to provide mining training and knowledge for "local artisanal miners and to students coming fresh from colleges of engineering" who desired training for employment opportunities in the mining industry. However, the training was not well received by community members (Newenham-Kahindi, 2011, p. 266). As depicted by one community member, "though the company is doing very good projects here, we are still unhappy with the company. Our problems are long-term; they need serious engagement with us" (Newenham-Kahindi, 2011, p. 268).

The basis of the discontent of community members can in part be attributed to the acts of violence and abuse that has taken place in and around Barrick's mines. Security personnel for Barrick's mines were accused of sexual abuse involving several women. "In most or all of the cases, the women told the investigators that they were taken to holding cells and coerced into sex by police and security guards, who threatened them with imprisonment if they refused" (York, 2011). Commenting on this issue, a spokesperson from Barrick, as reported in *The Globe and Mail* in May 2011,

These deplorable crimes, if confirmed, are neither acceptable nor excusable. They send a clear message to us that we have not met the promises we have made to the community, and to ourselves, to pursue responsible mining in every location where we and our affiliates operate. We can, and will, do more (York, 2011).

As members of the Voluntary Principles on Security and Human Rights, Barrick supports and maintains mines free of human rights abuses and will investigate any charges against human rights (Barrick Gold Corporation, 2010). Appropriately, in 2011 Barrick investigated accusations of sexual abuse involving security personnel at their mines.

Barrick commissioned a team of independent investigators who interviewed 10 women regarding these allegations (Barrick Gold Corporation, n. d - a). At the conclusion of the investigation, it was found that there was merit to the accusations of sexual abuse and the investigation results were handed over to local Tanzanian authorities (Barrick Gold Corporation, n. d - a).

There have been other controversial activities that have taken place in and around Barrick's operations. As reported by the Bloomberg newspaper in 2010, "security guards and federal police allegedly have shot and killed people scavenging the gold-laced rocks to sell for small

amounts of cash, according to interviews with 28 people, including victims' relatives, witnesses, local officials and human-rights workers (Simpson, 2010). As reported by *The Star*, a local politician commented on the violence and stated that "mine security routinely harass (locals), shoot them, maim them and sometimes kill them without any serious offences committed" (Edwards & Wright, 2011).

More recently, on May 16, 2011 security forces killed seven and injured others as a "large group of intruders, many of them armed with machetes, stones and mining implements, stormed the ore stockpile at North Mara, with the intent of stealing ore" (Barrick Gold Corporation, n. d - a); Edwards & Wright, 2011). "A number of intruders were injured in the confrontation, several fatally. The police also reported that five intruders were killed and a number of their officers were injured in the confrontation" (Barrick Gold Corporation, n. d - a).

Barrick has been involved in creating daunting social barriers within communities and as a consequence of these actions and allegations, specifically in response to the sexual abuse allegations, it has been noted in the media that "investors have been urging Canadian companies operating overseas in tough and lawless environments to push for more transparency instead of tolerating human-rights abuses" (York, 2011). Along with the impacts of Barrick's actions in the community, Barrick's environmental actions also have negative impacts.

When commenting on Barrick Gold operations, Barrick describes their "precautionary approach" to projects by stating that "assessing potential impacts, then evaluating how to avoid, control or mitigate these impacts" (Barrick Gold Corporation, 2010, p. 4). This type of approach is necessary as the carbon-in-leach technology used to process gold bearing sulphide rocks is heavily reliant on the use of cyanide (Almas et al., 2009, p. 5). The process also involves tailing

dams which are bodies of water that have been secured to hold the water used to separate gold from the rock structures. Unfortunately the leaking of tailing dams into water sources and into the environment is a common occurrence in the mining industry (Nicholas, 2004). In 2009, Barrick's North Mara Gold mine experienced a leak in their tailing dam (figure 6).

In 2009 the North Mara Gold Mine came into the spotlight after discharging seepage into River Tigithe, provoking bitter protests from the surrounding communities. Around 22 civilians and over 200 livestock were reported dead after allegedly consuming water containing harmful toxins that leaked from the mine for several weeks (Daily News, 2011).

The mine in the Mara district has been described as a “worrying” situation as local community members reported a spill in the tailing dam (MiningWatch Canada, 2009). Described further,

In North Mara, the area where the spill took place is toxic and dangerous for people and cattle – it is a disaster site. The area around the tailing dam and in effect between the two rivers Tighite and Mara might become contaminated and harmful to people unless the contamination caused by the tailing dam is stopped (Norwegian University, 2009)...there are many serious health effects resulting from exposure to arsenic. A variety of cancers, birth defects and numerous skin problems are among the effects. People with skin problems consistent with arsenic poisoning can be found both in Geita and North Mara. More research is needed through taking hair, nails and urine samples to confirm that arsenic is the problem (MiningWatch Canada, 2009).

Similarly, as stated by one community member,

The company discharges water to the land, which is causing lots of environmental problems on our farms, such as land erosion and polluting of the rivers. We have more mosquitoes, snakes and snails at the moment than any time in our lives because of stagnant water caused by the company's water discharge. The exploration and explosive activities conducted at night on mining sites have caused shockwaves, panic and sleepless nights among neighborhood villages, making big cracks on community farms and land. The other night we were all suddenly shaken by the mining blast tremor. Initially, we thought it was the so-called earthquake (Tetemeko la Ardhi – in Swahili). What is in all people's mind here in Bulyanhulu is ‘when will all this end?’ (Newenham-Kahindi, 2011, p. 268).

The environmental impacts of Barrick's mining activities have negatively impacted communities, their health, and their livelihoods. This outlook is the result of leakages into the environment and water sources for the 10 plus years that Barrick has been operating in the Lake Victoria area as noted in the results of a study sampling water, soil and sediments of the Lake conducted at the University of Life Sciences Norway (MiningWatch Canada, 2009). Community members have challenged Barrick's "precautionary approach" as they depict a different image of Barrick's environmental action through their experiences of environmental hardships and threats to their health.

With CSR being described by Barrick as "the key" to their financial success, although not explicit, the motivation behind Barrick's societal position on CSR is now seen to be economically motivated. Although Barrick documentation focuses on the societal characteristics of their CSR agenda, their practice of CSR illustrates the economic motivation.

Barrick's CSR related documents display characteristics that align with the societal position on CSR. This is reflected in the use of a UN definition of CSR that has an overarching goal to promoting sustainable development and through the inclusion of a variety of societal actors in Barrick's CSR process. In regards to their specific actions in Tanzania, the impact of Barrick operations displays a sizeable variation from their proposed CSR strategy.

The environmental and community infractions that have been linked to Barrick's mining operations provide an opposing perspective to the nature of Barrick's societal CSR position that is outlined in their CSR documents. Based on the lack of environmental and social preservation, it can be deduced that the motivation behind Barrick's overall CSR strategy is safeguarding their financial success, and not contributing to sustainable development.

Upon deeper analysis, Barrick's CSR activity aligns with the shareholder position on CSR. Specifically, Barrick can be seen to hold a dominant role as their economic interests are being served through their actions irrespective of important environmental and social consequences. This is reflected clearly in their CSR Report for 2010 where they state that their "financial success is increasingly dependent" on their commitment to CSR (Barrick Gold Corporation, 2010, p. 2). Furthermore, the social and environmental precautions that have been undertaken seem to be in response of negative press or in failed attempts to gain community support to further their economic aspirations in the mine that they operate.

4.5 DISCUSSION

As discussed previously, the stakeholder and societal positions on CSR are best suited to address the development challenges that are found in resource-rich developing countries. The shareholder position is the least ideal position.

It was established in Chapter 3 that the Canadian federal government adopted a shareholder position on CSR. This provided important insights into the interests of the Canadian government; which is to promote competition and economic prosperity for Canadian corporations.

This chapter analyzed two Canadian corporations, GSR and Barrick. Interestingly, GSR's position on CSR is similar to that portrayed in the Canadian federal government's CSR document. The Canadian federal government's message in the *Competitive Advantage's* is represented well in GSR's CSR position where supporting the competitive advantage of businesses through their financial success with little regard for the environment and the

displacements of communities is reflected. As such, the shareholder position is most appropriate to describe GSR's position on CSR.

Shareholder characteristics can initially be seen in the interest groups that are being served, namely, the shareholders or investors as described in their CSR reports. Similarly, the role GSR holds demonstrate actions that serve their own needs, which are reflected the multiple incidences of environmental contaminations due to GSR's mining operations. These actions do a disservice to the environment and communities but serve the interests of GSR and their shareholders as these actions served to increase profits.

The documents put forth by Barrick outline a societal position on CSR. From the clear acceptance of a UN definition of CSR, the inclusion of various stakeholders involved in the CSR process and promoting sustainable development for society and for the business; these characteristics are aligned with the societal position on CSR and they go beyond the requirements of the shareholder position expressed by the Canadian federal government.

In practice however, Barrick's actions reveal shareholder characteristics as Barrick displays an economic motivation to engage in CSR. This is seen in Barrick's behavior in the communities that are affected by their operations. Similarly, the environmental impacts of Barricks' actions are detrimental and problematic. There are clear contradictions in Barrick's public presentation of their CSR agenda versus the impacts of their CSR agenda. The economic motivation behind Barrick's CSR agenda remains constant as community perspectives support the shareholder characteristics of being economically motivated to increase profits for their shareholders.

This analysis highlights the reality that public statements often times contradict the practice of CSR. Although each corporation provided documentation that outlined each of their CSR

efforts, based on their actions, Barrick displayed a contrary position on CSR. Golden Star Resources however, remained consistent with their shareholder position on CSR. The rationale behind Barrick portraying a false societal position on CSR is likely based on their efforts to improve the public perception of their activities in developing countries. While the impacts of Golden Star Resources and Barrick Gold Corporation cannot be generalized on every Canadian corporation, using the typology, greater understandings of the role Canadian corporations can have in development can be achieved.

Ghana and Tanzania represent two developing countries in which Canadian mining corporations operate. The ability for these two corporations to contribute to sustainable development has been identified as only occurring if the societal position on CSR is supported. This evaluation has unveiled the inability of shareholder strategies to positively impact the development situation in a developing country. For Canadian corporations to impact the inequality, poverty and other developmental challenges, they will need to follow a societal position on CSR in their documents and in their practice of CSR.

CHAPTER 5: CONCLUSION

5.1 INTRODUCTION

Corporate social responsibility (CSR) encompasses many aspects of corporate social and environmental behaviour. The focus on CSR in recent times is in part based on the social and environmental vulnerabilities associated with the resource extraction industry as developing countries face multifaceted challenges when minerals and oil are part of their development situation. Corporations involved in the oil and gas industries compound the issues of poverty, inequality and economic stagnation with the social and environmental impacts associated with the industry. Unfortunately, not all businesses and corporations act in a socially, ethically and environmentally responsible manner.

The development of CSR has been founded on the view that businesses hold responsibilities that go further than maximizing profits (Bowen, 1953; Davis, 1960; Frederick, 1960; McGuire, 1963; Davis, 1973; Jones, 1980) as businesses are linked economically, socially and environmentally to the communities in which they operate. This is especially true in the resource extraction industries where the actions of businesses have a direct impact on communities.

The relationships that societies have to the environment and renewable resources also means there are high levels of concern about any activity that could potentially affect the health of natural ecosystems and the threat of other environmental degradations. Social impacts are also an issue as traditional lands and practices are at risk when communities are affected by extractive activities.

With Canada's global presence in the extractive industries, I was motivated to pursue this thesis and assess the ability of Canada's position on CSR to address development challenges that take place in resource-rich developing countries. To achieve this, three key questions were addressed:

- 1. What are the main conceptual differences among CSR positions?*
- 2. How does the Canadian federal government's CSR position differ from international development agencies' CSR positions?*
- 3. What are the CSR positions on Canadian corporations in the resource extraction sector?*

5.2 OVERVIEW

As described in Chapter 1, "CSR can be defined as the overall contribution of business to sustainable development" (UNDESA, 2007). This definition reflects a position on CSR where global benefits are the ultimate goal. Generally, CSR activities have manifested into different behaviors of CSR that can be described in three distinct positions. The three positions include the shareholder, the stakeholder, and the societal positions on CSR.

A typology was developed in Chapter 2 to facilitate the assessment of these positions. The themes of the typology included: the interest groups that are involved in CSR actions, the role of businesses, CSR goals and motivations, agents of CSR, concepts, and definitions of CSR. Using the taxonomy of the above characteristics, the three CSR positions and their defining characteristics were used to establish the typology that was used in the analysis of CSR related documents.

As explored in Chapter 2, the shareholder position on CSR was seen to include characteristics that had business holding a dominant role, which resulted in a direction of CSR related activities where actions were economically motivated. This position has traditionally been associated with Friedman who wrote that a business's sole responsibility was to increase profits (1971).

The stakeholder position was composed of qualities where businesses held mutually beneficial relationships with relevant interest groups and were motivated to both improve society and increase profits. The ethical obligations that extend further than increasing profits distinguishes the stakeholder position from the shareholder position on CSR.

Lastly, the last of the three positions, the societal position, reflected a motivation for sustainable development where businesses, governments and NGOs engaged in actions that supported the development of all sectors and areas in society. The societal position can be differentiated from the stakeholder position by the presence of multiple societal actors involved in addressing an array of challenges to society.

From these three positions, the shareholder position on CSR was deemed the least capable of addressing the development and poverty challenges facing developing countries that resources rich. While the stakeholder position was deemed a suitable CSR position to address development challenges in developing countries, the societal position represented the ideal CSR position to address these challenges. Both of these positions include social and environmental aspects in their CSR activities. However, the societal position represents the ideal CSR position in the typology.

During the course of this research, the typology was also used to establish the CSR positions on international CSR standards (Chapter 3). The documents used in this analysis included the *The Global Compact* (United Nations Global Compact Office, 2001) and the *Performance Standards on Social and Environmental Sustainability* (IFC, 2006).

In this fashion, the characteristics of the Global Compact represented a societal position on CSR, while the Performance Standards features represented a stakeholder position on CSR. These two international organizations present standards of CSR that have been used to influence the CSR practices of governments and businesses. Understanding the underlying strategy behind these documents as expressed in this thesis allowed for the Canadian position on CSR to be situated within some of the key international parameters of CSR.

The Canadian federal government's official CSR documentation is found in the *Building the Canadian Advantage: A corporate social responsibility (CSR) strategy for the Canadian international extractive sector* (DFAIT, 2009). Through the analysis of this document, the Canadian federal government's CSR position displayed evidence that supported the shareholder position. In particular, the Canadian government supports CSR actions that are motivated to increase profits and promote Canadian businesses.

Canada engages in international aid and development through the Canadian International Development Agency (CIDA) and CIDA has countries of priority that benefit from a bilateral relationship with Canada. There are twenty countries on that list ranging from countries in Latin America to Africa with Ghana and Tanzania represent two countries from that list. Ghana and Tanzania were also the countries used to illustrate the differences and similarities found between the discourse and practice of CSR by selected Canadian corporation's practices.

Chapter 4 provided the perspective of two Canadian corporations. Golden Star Resources Ltd. operates in Ghana and displayed primarily a shareholder position on CSR. This was evident in both their publicly accessible documents as well as from an analysis of the impacts of their CSR actions using other varied sources. Barrick Gold, which operates in Tanzania, demonstrated both societal and shareholder characteristics in their public documents. However, evaluating the practice of Barrick's CSR agenda revealed shareholder characteristics.

There are differences between GSR's and Barrick's approach to CSR. While GSR remained fairly consistent with the Canadian federal government's CSR agenda, Barrick provided conflicting statements when describing their position on CSR. What does remain however, is that substantial shareholder characteristics that are found in both the GSR's and Barrick's display of CSR in practice. Consequently, the Canadian position on CSR can now be distinguished as the shareholder position.

5.3 IMPLICATIONS

Corporate social responsibility is complex as there are at least three positions that can be utilized to in engage in CSR activities. The typology was used to critically evaluate the stated CSR positions and uncovered differences among international agencies CSR positions. The differences among positions on CSR provide insights into the underlying CSR approaches and strategies of international agencies and the Canadian government. The analysis of both discourse and the practice of CSR is necessary in order to gain an accurate picture of CSR positions. The suggestion here is that not all CSR actions are motivated by the same end result, which in turn impacts the practice of CSR. For example, an organization applying the shareholder position will

pursue economic initiatives versus another organization that supports the societal position's focus on social and environmental sustainability. Corporations, governments and organizations alike will benefit from being able to differentiate their CSR positions from one another.

By presenting these three positions to CSR, shareholder, stakeholder and societal, I have provided a guideline to assess CSR discourse and practice. Implications can be found in the understanding that is gained by being able to assess what is expected from a company's CSR strategy. Countries, organizations and corporations now have a tool that will help them understand the affects of their CSR strategy on a complete level. It may also be a motivating factor for some corporations as they can knowingly pursue more societal ideals in their CSR agendas.

Assessments of other resource-rich countries, such as those located in Africa or Latin America, may also benefit from using the typology to analyze both the discourse and practice of corporations' positions on CSR. The themes of the typology are not specific to the countries analyzed in this thesis and have transferability as the themes came directly from the literature and their inclusion makes them a valid representation of the key components of each of the three positions on CSR.

The results of this thesis also have implications for countries that are not resource-rich but have based their development strategies around labour intensive manufacturing. The themes of the typology can be used to analyze the CSR position of government discourse and practice of corporations in the manufacturing sector, as well as resource sector. In extending the typology to different sectors, further work in the resource sector should pay greater attention to labour rights, and more generally, human rights to help provide a complete picture of CSR in these sectors.

This leads to an important implication for Canada. As presented in the research findings, the societal position on CSR represents the ideal CSR position to promote development and the shareholder position is least suitable. As the Canadian position on CSR was found to be shareholder in practice, the Canadian position on CSR does not deliver sustainable development.

Canada endeavors to be the preferred choice for countries to engage in business. While the official CSR document offered by the federal government of Canada is consistent with Canadian CSR in practice, there have been public speeches that provide evidence and insight that are not shareholder in nature and rather, they sound more societal in their delivery. The Canadian federal government may need to establish more consistency with their public statements around CSR. Changes in the design, motivation and practice of CSR may also be needed for Canada's CSR agenda to adopt the more development compatible position on CSR, the societal position.

In light of the Canadian position on CSR, one may question the function of CSR if it cannot be used to address poverty, inequality and other development challenges. Moreover, the push for poverty reduction to fall on corporations' shoulders may not produce the results that were anticipated in this regard. The implications of this may mean that additional financing for development need to be explored, as other means need to be considered beyond corporations. This may include innovative financing and mainstreaming specific challenges with other related areas that have adequate funds to go around.

As much as CSR is expected to be supportive of sustainable development, when using the Canadian example, CSR plays no meaningful role in business practices when it relates to supporting poverty reduction mechanisms. That is not to say that things will not change. CSR is

a relatively new concept and there is an opportunity for it to become more impactful as it develops.

5.4 RECOMMENDATIONS

This research contributes to the body of existing knowledge regarding CSR and expands the understanding of the dual role corporations are expected to play with the increased public recognition of responsible business practices.

While the shareholder position is the least equipped to address development challenges, it is possible for Canadian corporations to address these issues with the right trade-offs in place. More studies need to be undertaken that delve into understanding how a shareholder position on CSR can be used to address key development challenges. Also, research should also include options for the Canadian federal government to utilize effective monitoring mechanisms for Canadian corporations.

Given that Canada is shareholder oriented in their position on CSR, future research should focus on understanding other dimensions of Canada's shareholder CSR position. Specifically, research that is focused on more qualitative research within Canadian corporations would aid in this. As well, research on CSR policy with a focus on the political underpinnings behind Canada's position on CSR may add more clarity to the rationale and historical background behind Canada's approach to CSR.

From this analysis, there is a need to advocate changes in the Canadian federal government position on CSR pushing for a move toward a societal position on CSR. Further, the

Canadian government needs to monitor and enforce corporations' behavior to ensure that practice meets the societal discourse.

Utilizing the typology to assess other corporations, countries, and organizations position on CSR is also a potential area of research. Further refining and authentication of this useful tool may further improve the adaptability of the typology to offer findings that will be able to be generalized more effectively.

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